

BANKS AND THE NATIONAL EFFORT

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THE CONDITION OF BUSINESS

8

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LEGAL ANSWER PAGE . . . GRADUATE SCHOOL OF BANKING NEWS . . . TAXES . . . WASHINGTON

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Condensed Statement of Condition, Dec. 31, 1941

RESOURCES

Cash on Hand and Due from Banks	\$ 95,056,099.51	
*United States Government Obligations, Direct or fully guaranteed	60,136,865.02	\$155,192,964.53
Corporate and Municipal Securities (due within 5 years)	\$ 18,819,565.88	
Corporate and Municipal Securities (other maturities)	4,238,913.56	23,058,479.44
Stock in Federal Reserve Bank		233,100.00
Loans and Discounts		35,353,461.07
Real Estate Mortgages, Loans and Liens on Real Estate		17,736,709.75
Overdrafts		277.78
Bank Buildings		1,857,986.93
Furniture and Fixtures		84,510.69
Other Real Estate		581,078.79
Customers Liability on Acceptances and Letters of Credit		5,200.00
Other Assets		77,195.54
Income Accrued but not Collected		581,913.35
Prepaid Expense		63,848.54
TOTAL OF ALL RESOURCES		\$234,826,726.41

LIABILITIES

Deposits of Individuals, Corporations, Banks and Others	\$120,003,260.79	
United States Government	1,657,793.75	
Treasurer—State of Michigan	4,016,644.81	
Total Demand Deposits	\$125,677,699.35	
Total Time Deposits	96,901,105.93	
Total Deposits		\$222,578,805.28
Our Liability on Acceptances and Letters of Credit		5,200.00
Other Liabilities		477,199.55
Income Collected but not Earned		560,743.98
Accrued Taxes, Interest, Etc.		168,638.53
Capital Investment:		
Preferred Stock	\$ 3,450,000.00	
Common Stock	2,160,000.00	
Surplus	2,160,000.00	
For Additional Retirement of Preferred Stock	650,280.00	
Undivided Profits	410,000.00	8,830,280.00
Reserves for Contingencies		2,205,859.07
TOTAL OF ALL LIABILITIES		\$234,826,726.41

*United States Government Securities carried at \$5,275,000.00 in the foregoing statement are pledged to secure public deposits where required or permitted by law.

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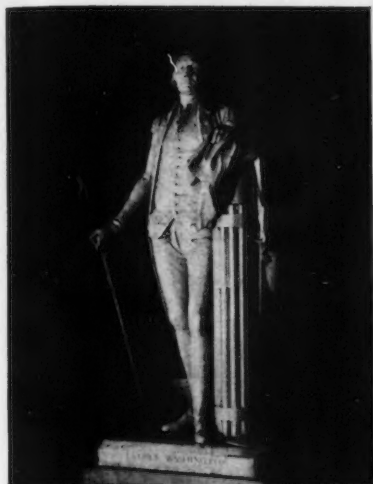
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Just a Minute



CHARLES PHELPS CUSHING

The famous Houdon statue of Washington, modeled from life. It stands in the rotunda of the Virginia state capitol, where Washington himself saw it

The V-Way

ALL ROADS lead to the war fronts these days, which means that BANKING points you in that direction, too.

Each issue will be a reliable guidepost along the V-marked way; at least we shall try to make it so.

February

IN THIS February number there are several highspots which we know you wouldn't miss, but which we'll call attention to informally. First comes ROY A. FOULKE's readable, informative "Our Powerful Credit Weapon." In preparing this article Mr. FOULKE interviewed four members of the American Bankers Association staff: Dr. PAUL F. CADMAN, economist; WALTER B. FRENCH, director of the Consumer Credit Department; A. G. BROWN, director of the Agricultural Credit Department; and Dr. ERNEST M. FISHER, director of Research in Mortgage and Real Estate Finance. Also, the interviewer interviewed himself; for when it comes to mercantile credit he could

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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ASSETS OVER A BILLION DOLLARS

JUST A MINUTE—Continued

hardly find a better authority than ROY A. FOULKE.

Keep Reading

ALSO BEARING directly on the war are Dr. CADMAN's discussion of the war financing; SHERMAN ADAMS' views about wartime investing; and EDWARD N. HAY's practical approach to the perplexing personnel problems the war has either raised or accentuated, such as salary management, methods of overtime payment, ways of developing and holding employee goodwill, employment programs for a bank.

Then there's Mr. LORENZ's article on bank costs in wartime. And Mr. COLEMAN's authoritative summarization of the housing situation is a "must."

Government Lending

THE PART Uncle Sam is likely to have in keeping the credit weapon sharp is surveyed by OLIVER MCKEE, a Washington newspaper man. Mr. MCKEE, a newcomer to the list of BANKING authors, has been in newspaper work since graduating from Yale University in 1915—with the exception, that is, of two and a half years spent in the Army during the other war. He started his professional career with the *Hartford Times*, then moved to the Washington bureau of the *New York World*. He was an editorial writer for the good old *Boston Transcript* for four years after the war, and served that paper suc-

(CONTINUED ON PAGE 5)

124 STARS

Here is the service flag of the Security-First National Bank, Los Angeles. It bears 124 stars. Holding the banner are Private Raymond Garvin, 4th Air Corps, and Virginia Bradley, Women's Emergency Corps. Both are on the bank's staff



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JUST A MINUTE—Continued

cessively as assistant and Washington correspondent.

Two years ago he joined the staff of the *Washington Evening Star* and is still writing for that paper. In addition to his newspaper jobs, he has written for many magazines.

Defense Bonds

FOR SEVERAL months BANKING has been publishing pictures of bank promotional material on behalf of Defense Bonds and Stamps. This month we expand our coverage to half a dozen pages of photographs and text.

How Bankers Are Helping

AS WE note elsewhere, BANKING asked alumni and former students of The Graduate School of Banking for a brief report on what each was doing to help beat the Axis. We knew there'd be a hearty response, but we were hardly prepared for the deluge of mail that followed our letter.

Many of the GSB men, in reporting their own activities, said they'd be greatly interested in reading what the other fellows were doing.

All right, gentlemen—the reading begins on page 84 where you'll also find some news about the 1942 resident session.

\$500 Reward

THE BOYS who fly bombers and the fighter planes aren't thinking about any other reward than the satisfaction of doing their job well. But maybe there'll be a bit of added incentive—if any is needed—in the announcement that the Florida National Bank at Jacksonville would pay \$500 to the crew of any American aircraft officially credited with sinking an Axis capital ship or destroyer. The bank's board, in establishing a fund for the purpose, voted to pay the first reward to Mrs. Colin P. Kelly, Jr., widow of the captain who lost his life in sinking a Japanese battleship.

We don't know how large a fund the bank established, but we can't suppress a feeling there's going to be a run on it. And that, we have a hunch, would be highly pleasing to the Florida National.

Between Us Gals

HERE'S one from FRED N. SHEPHERD, who retired as executive manager of the A.B.A. a few years ago and now lives at Saratoga, California:

"Too bad about that old guy's check bouncing back," remarked the blonde to her auburn-haired friend.

Reducing Check Costs

Don't tell us, but just for your own information, make this little study. First, what did you spend for checks last year? Second, what portion did you recover from your customers? A quick subtraction reveals your net check expense.

Why not cut it in half? Yes, even in the face of advancing price schedules you can do it if you will encourage your customers to use imprinted checks. They will gladly pay the small cost

which your buying power makes possible and they will be proud to use them because everyone likes to see his name in print and everyone likes Personalized Checks.

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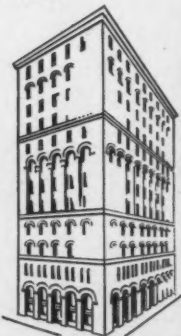
Today, many banks in coastal areas especially are looking to interior correspondent banks for broader services than ever before.

This bank invites correspondence with all banks to whom a connection in this territory would be helpful under present conditions. Departmentalized in every way, Bankers Trust offers complete safe-keeping service, at a location with distinct geographical and business advantages.

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"Yes," indignantly replied the latter, "and it was marked 'insufficient fun.'"

Long Distance

OUR "Booklets at Your Service Department" set a long distance record for itself recently. Requests for booklets came from the Canara Bank, Ltd., of Mangalore, British India, and The National Bank of New Zealand, Ltd., Wellington.

A Bank Clerk's Odyssey

HOW PAUL STANLEY HAWKINS of Madison, Wisconsin, a clerk in the National City Bank of Shanghai, made a 200-mile, 31-day journey to safety in Kinwra, China, after the Japanese attack on Shanghai, was told in a recent United Press dispatch.

During the trip, said the correspondent, "Mr. Hawkins passed repeatedly through the Japanese lines, escaping sometimes by yards. Chinese peasants, villagers and guerillas fed, housed and clothed him.

"Mr. Hawkins told how he had slept fully clothed for a month, how he had waded or swum more than 20 streams, how he had lived with Chinese farmers and guerillas, making himself understood mostly with his friends."

Reaching Kinwra, he asked "first for a bath and then the way to Chungking, where he wanted to join the American Army. He's a lieutenant in the reserve.

Mr. Hawkins left Shanghai the night of December 8, travelling by horseback.

"On the fourth day," he said, "I met Chinese farmers who took me to their local guerrilla headquarters. The guerillas gave me warm clothes, shoes and food. From the guerrilla headquarters I sent a radio message to the American Embassy at Chungking."

This statue of Lincoln in Springfield, Illinois, depicts him at the time of leaving for his first inauguration



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†\$ 325,000 ALIQUIPPA, PA. BOROUGH OF, S. D. 1½% Bonds, Due 1942-66	*\$ 150,000 MAMARONECK, N. Y., TOWN OF U.F.S.D. No. 1 1½% Bonds, Due 1942-51	†\$3,000,000 PROVIDENCE, R. I., CITY OF 2% Bonds, Due 1942-61
† 250,000 ALIQUIPPA, PA., BOROUGH OF 2% Bonds, Due 1943-71	* 80,000 MEDFORD, MASS., CITY OF 1½% Bonds, Due 1942-51	† 1,032,000 RAMAPO, N. Y., TOWN OF C.S.D. No. 1 1.80% Bonds, Due 1943-71
*43,538,557 ARKANSAS, STATE OF 3% & 3½% Bonds, Due 1943-72 (Two Offerings)	† 7,663,000 MIAMI, FLA., CITY OF WATER REVENUE 1½%, 2¼%, 2¾% & 3% Bonds Due 1941-69	† 725,000 RAMSEY COUNTY, MINN. 1½% Bonds, Due 1942-51
† 545,000 BLOOMFIELD, TROY, ROYAL OAK & SOUTHFIELD (BIRMINGHAM) MICH. TOWNSHIPS OF, F.S.D. No. 1 1½%, 2% & 3% Bonds, Due 1942-65	† 1,061,000 MISSISSIPPI, STATE OF 2¾% & 2.10% Bonds, Due 1964; Opt. 1946	* 80,000 RUTLAND, VT., CITY OF 1½% Bonds, Due 1946-55
* 9,000,000 BOSTON, MASS., CITY OF 0.32% Temporary Loan Notes Due Nov. 7 and Dec. 31, 1941 (Two Issues)	* 792,000 MONMOUTH COUNTY, N. J. 2½% & 2.10% Bonds, Due 1942-71 (Two Issues)	† 265,000 ST. PAUL, MINN., CITY OF 1.30% Bonds, Due 1942-49
† 150,000 CHARLESTON COUNTY, S. C. 1½% Bonds, Due 1945-58	* 144,000 MORRISTOWN, N. J., TOWN OF 1½% Bonds, Due 1950-57	† 550,000 SAN ANTONIO, TEXAS CITY OF 1½% Bonds, Due 1942-56
* 110,000 CHELSEA, MASS., CITY OF 1½% Bonds, Due 1942-51	* 350,000 MOUNT LEBANON, PA. TOWNSHIP OF 1½% Bonds, Due 1942-61	† 1,045,000 SCHENECTADY, N. Y., CITY OF 1.30% Bonds, Due 1942-55
† 5,000,000 CHICAGO, ILL. THE SANITARY DIST. OF 2¼% Bonds, Due 1960-61; Opt. 1943-61 (Two Issues)	* 400,000 NEW BEDFORD, MASS., CITY OF 1½% Bonds, Due 1942-51	* 243,000 SCRANTON, PA., CITY OF 2% Bonds, Due 1942-61
† 1,000,000 CHICAGO, ILL., CITY OF WATER WORKS SYSTEM 2% Certificates, Due 1959-60	* 200,000 NEW ROCHELLE, N. Y., CITY OF 1.80% Bonds, Due 1946-61	* 50,000 SIOUX CITY, IOWA, CITY OF 1½% Bonds, Due 1946-50
* 218,000 CLAY COUNTY, IOWA 1½% Bonds, Due 1947-50; Opt. 1947	† 21,215,000 NEW YORK, N. Y., CITY OF 2¼% Bonds, Due 1942-56	† 3,000,000 SOUTH CAROLINA, STATE OF 1½% Certificates, Due 1944-53
* 66,000 COOK COUNTY, ILL. S. D. No. 98 & 100, BERWYN 2% Bonds, Due 1951-58 (Two Issues)	† 15,000,000 NEW YORK, STATE OF 1½% Bonds, Due 1942-81	* 191,000 STAMFORD, CONN., TOWN OF 1½% Bonds, Due 1943-60
* 135,000 COOPERSTOWN, N. Y. VILLAGE OF 1½% Bonds, Due 1942-66	* 476,000 NORFOLK, VA., CITY OF 2¼% Bonds, Due 1953-62	† 1,450,000 SUSSEX COUNTY, DEL. 1½% Bonds, Due 1943-73; Opt. 1946
* 61,000 CRANSTON, R. I., CITY OF 1½% Bonds, Due 1942-51	† 750,000 NORWICH, CONN., TOWN OF 1½% Bonds, Due 1942-61	† 2,000,000 TAMPA, FLA., CITY OF WATER REVENUE 2½%, 2¾% & 3½% Bonds Due 1945-71
* 200,000 DANVILLE, VA., CITY OF 1.70% Bonds, Due 1943-62	† 6,911,000 OKLAHOMA CITY, OKLA. CITY OF 2% & 3% Bonds, Due 1944-61	* 95,000 TARRYTOWN, N. Y. VILLAGE OF 1.20% Bonds, Due 1942-56
* 62,000 EAST GRAND RAPIDS, MICH. CITY OF 1½% Bonds, Due 1947-50	* 175,000 OTTER TAIL COUNTY, MINN. I.S.D. No. 21 1½% Bonds, Due 1944-60; Opt. 1955	* 130,000 WEBSTER COUNTY, IOWA 1½% Bonds, Due 1942-49
* 90,000 ENGLEWOOD, N. J., CITY OF 1.10% Bonds, Due 1947-50	* 100,000 PEEKSKILL, N. Y., CITY OF 1.60% Bonds, Due 1943-54	* 458,000 WHITE PLAINS, N. Y., CITY OF 2% Bonds, Due 1942-61
† 3,700,000 ERIE COUNTY, N. Y. 2% Bonds, Due 1942-51	† 135,000,000 PENNSYLVANIA, COMMON. WEALTH OF 1½% Notes, Due May 31, 1942 and April 30, 1943	* 60,000 WOBURN, MASS., CITY OF 1½% Bonds, Due 1942-51
* 150,000 FOND DU LAC COUNTY, WIS. 1½% Bonds, Due 1945-47	* 55,000 PORTLAND, MAINE, CITY OF 1½% Bonds, Due 1951	* 175,000 WOODBURY COUNTY, IOWA 1% Bonds, Due 1943-50
* 215,000 GARY, IND., CITY OF 2% Bonds, Due 1947-54 (Two Issues)	* 500,000 PORTLAND, OREGON, CITY OF 1½% & 1¼% Bonds, Due 1951-60	† 1,849,000 YONKERS, N. Y., CITY OF 2.40% & 2.60% Bonds, Due 1942-61
* 111,000 HARRISON, N. Y., TOWN OF 1.40% Bonds, Due 1946-48	* 100,000 PORTSMOUTH, N. H., CITY OF 1½% Bonds, Due 1942-51	
* 150,000 HEMPSTEAD, N. Y., TOWN OF U.F.S.D. No. 16 1½% Bonds, Due 1942-56		
* 132,000 HEMPSTEAD, N. Y. VILLAGE OF 1.40% Bonds, Due 1942-71		
* 1,296,000 JERSEY CITY, N. J., CITY OF 4% Bonds, Due 1941-64		
* 96,000 KENOSHA, WIS., CITY OF 1½% Bonds, Due 1950		
* 127,500 LAKE COUNTY, IND. 1½% Bonds, Due 1947-50		
* 195,000 LAKE COUNTY, OHIO 1½% Bonds, Due 1942-51		
† 3,108,000 LOS ANGELES, CALIF., CITY OF DEPT. OF WATER & POWER 1½%, 2% & 3% Bonds Due 1942-58; 1950-58 Opt. 1944		
* 411,000 MAHONING COUNTY, OHIO 1½% Bonds, Due 1943-52		
* 65,000 MAMARONECK, N. Y., TOWN OF 1.70% Bonds, Due 1942-50		

Descriptive circulars and current quotations will be supplied for any of the above securities upon request

YEAR-END BOND REVIEW

INVESTMENT FUNDAMENTALS RE-ANALYZED

Because of recent changes in the investment outlook, the Year-End Bond Review of Halsey, Stuart & Co. Inc. is devoted to a re-examination of investment fundamentals in the light of new conditions under which investments in American

business and municipalities must be made. Recommendations for a prudent investment policy are made, recognizing recent and prospective developments. Of importance to every investor... sent without obligation... ask for leaflet KC-32.

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The Condition of BUSINESS

THE OUTLOOK. With all the discussion of rationing, scarcity, priorities and sacrifice, there is one basic fact about our prospective production and the general business outlook that is not getting the attention it deserves. It is that our industrial and agricultural capacity has never been put to any real test such as now appears inevitable. The simple truth is that we have barely started to produce because we have never made anything like full use of our manpower and brainpower.

A visit to any city or town in the country today, with eyes and ears open, will show clearly enough what vast amounts of first-class leisure remain to be sacrificed to the cause of winning the war, what huge totals of working hours are never worked and how many highly capable brains are not being used by the Government for the purpose of carrying the war to a successful conclusion.

THE OLD TIME RELIGION. Before we can speak with confidence about our capacity to produce war and essential civilian goods there would have to take place a fundamental change in certain habits of thought, some cherished, but others just habits. In other words, it is going to take more than the conversion of plants to war production and the building of new plants to show what can be produced. There must also be a conversion to the old time religion of hard work involving nothing less than the sacrifice of our tradition of hours convenient to labor and output restricted to market.

This seems like a perfectly obvious course to pursue in the most critical period of our national history and it might be assumed that restrictive ideas had already been discarded. This is not true, however, because the whole of industry, from top to bottom, has long been geared to the idea of convenience in working hours and the principle of getting as much as possible for producing as little as possible. The tradition is of such long standing we have almost forgotten how to think in terms of a boundless demand for goods and people to make them.

Today there is a market for war goods that is unlimited and a necessity for producing them that is unquestioned. We still have to take off the checkrein and give business its head.

TWO WAYS TO PROCEED. In moving ahead from here, which is the only way we can go, all business and labor are in the same wagon and they have a theoretical choice of two roads, although it is almost entirely up to the Government which one they choose. One is toward longer hours of work for everyone, with little or no increase in wages, also the addition of new millions of persons to factory rolls, particularly through the use of women for war production. This road would also require a change of incentive from pay and profits to the expectation of benefits that will accrue from winning the war.

The other way means a period of constantly rising wages and profits, substantial overtime pay and bonuses, the continuation of all the easy-going customs generally lumped together as social gains, including convenient

pre-war working hours, short weeks and restrictions of various kinds on the employment of new workers. The chances are that we shall try this one at first and shift over to the other one later.

BRITISH EXPERIENCE. Our ally, Great Britain, supplies us with plenty of evidence on how these two alternatives work out under stress of actual war. In order to preserve the traditional reward incentive, the British Government tried for awhile to carry on with the sort of thing that we are trying over here, namely, makeshift wage and price control, but they gave it up when it did not work.

It was soon apparent to them that the pay which a worker or his boss received made little difference if there was nothing much that they could spend it for. So experience has carried England the full distance to where money has become of minor importance and ration cards very essential.

At this point, however, the experience in England and what is likely to happen here definitely part company. The principle of mass production has never been developed in England to the extent we are familiar with here. Moreover, even with the war to push them, they show much less willingness than we do to throw out old processes and substitute new and faster equipment.

HOW TO READ INDEXES. The impact of the war has made an appreciable difference in the way we must read our various indexes from now on. The various factors that go to make up the business picture are the same but in many cases they have taken on a special wartime significance. Here are some things that should be watched:

INDUSTRIAL PRODUCTION. The division between durable and non-durable manufactures is a very rough measure of the trend of output of goods available for war purposes and civilian consumption. The production of durable goods in November 1941 was 212 per cent of the 1935-39 average, while non-durable goods amounted to only 142 per cent of that average and the production of minerals was only 133 per cent of the base period.

PRICES. In wartime, with price fixing and rationing, the significance of price quotations cannot easily be determined. In the first World War prices rose substantially and the consumer with a fixed amount of buying power had to curtail his purchases. During the present war the most common practice has been to supply the citizen with an increasing amount of money but restrict the supply of goods which he is permitted to buy with that money. Hence the various anti-inflationary steps which the Government has taken or is contemplating.

PAYROLLS. An analysis of payrolls by geographical areas furnishes an interesting guide to the districts which have received the increased buying power which

(CONTINUED ON PAGE 55)

Meeting Today's Rising Operating Costs

To Meet Rising Costs Banks Are Taking These Steps

Studying operating routines in order to eliminate delays, waiting, needless motions, idle machine time.

Studying forms that come up for reprinting, to determine whether they might be simplified—or even eliminated—to cut clerical costs.

Training operating department employees to do their work the easy, simple, fast way.

Equipping employees with machines which do more automatically, thus eliminating many manual operations.

Facing a constantly increasing volume of work . . . handling a host of extra items . . . handicapped by an acute shortage of trained personnel—banks are experiencing steadily rising costs.

That is why so many bank operating heads are consulting with Burroughs . . . why they are utilizing Burroughs' experience and technical knowledge of machines, applications and procedures in making plans to meet today's changing conditions.

Can Burroughs be of help to you?

BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICHIGAN

Today's Burroughs

DOES THE WORK IN LESS TIME—WITH LESS EFFORT—AT LESS COST

The National Prospect

The Washington news in The National Prospect is reported for BANKING by HERBERT M. BRATTER.

Washington, D. C.

Defense Bonds for common trusts

THE FEDERAL RESERVE *Bulletin* reports that the United States Treasury has ruled that national banks, acting in a fiduciary capacity, may purchase Defense Savings Bonds for investment under a common trust.

A bank operating a common trust, according to the Treasury, may buy F and G bonds to the limit allowed by the regulations governing the issuance of these bonds.

In analyzing periodic valuations to be placed on the bonds held by the banks in common trust funds, the Reserve Board concludes "that the most appropriate basis for the valuing of such bonds for the purpose of such a common trust fund be the redemption value of such bonds."

War Insurance Corporation

AT THIS writing there has been little news about the War Insurance Corporation since Federal Loan Administrator Jesse Jones announced its creation in December. This RFC offspring, endowed with a \$100,000,000 capital, extends protection to property owners in the whole country, including Alaska, Hawaii, the Philippine Islands, Puerto Rico and the Virgin Islands.

The WIC "will provide reasonable protection against losses resulting from enemy attacks which may be sustained by such property owners through damage to, or destruction of, buildings, structures and personal property, including goods, growing crops and orchards." Accounts, bills, currency, debts, evidences of debt, money, notes, securities, paintings and other objects of art will not be covered.

When the plan has been fully worked out, it is expected that a premium may be charged for coverage of losses in excess of some stated amount. In the meantime, no application or report will be required unless there is a loss, Mr. Jones has announced. No protection will be available to owners of property who, in the opinion of the President, are unfriendly to the United States.

Army advance payments increased

TO FURTHER decentralize procurement procedure the War Department has authorized the chiefs of supply arms and services, on their own, to make advance payments up to 50 per cent on contracts under \$5,000,000 for the War Department. This step followed the authorization for supply branches to award such contracts up to \$5,000,000 in their own offices and further to delegate authority to field procurement agencies to make awards

No Confiscation

SECRETARY of the Treasury Henry Morgenthau, Jr., has given out this statement in denial of any intention on the part of the Government to confiscate savings deposits:

"In view of recurring rumors that the Government was planning to confiscate savings accounts, Secretary Morgenthau today entered an emphatic denial that this was so.

"I wish to state most emphatically that there are no foundations whatever for such rumors. The Federal Government does not have under consideration any proposal involving the confiscation of savings deposits of this country for any purpose.

"Furthermore anyone circulating rumors of this character is acting against the welfare of the nation."

without sending them to Washington for approval.

The chiefs of supply arms and services now have the power to redelegate to their field offices, authority to make advance payments on contracts within limits prescribed by such chiefs of supply arms and services. Direct advance payments to prime contractors will be limited generally to 30 per cent of the contract totals, but in cases where sub-contractors need additional financial assistance, this total will be increased to 50 per cent, of which 20 per cent will be advanced to the sub-contractors.

The object is to encourage the use of
(CONTINUED ON PAGE 12)

MOTORS CONVERT

More than 200 automobile executives, labor and government representatives met in Washington to plan conversion of the automobile industry to war weapon production. Below, left to right, R. J. Thomas, president, United Automobile Workers; Sidney Hillman, member, War Production Board; Leon Henderson, price administrator; Paul Hoffman, president, Studebaker Corporation; Edsel Ford, president, Ford Motors; Lt. Gen. W. S. Knudsen, member, War Production Board; and C. E. Wilson, president, General Motors



HARRIS & EWING
BANKING

*Quick Facts for
Quick Action!*

New 1942 **CCH**
**FEDERAL TAX
GUIDE SERVICE**

LOOSE LEAF—ALWAYS UP-TO-DATE

WARTIME demands for sharp increases in national revenue forcibly underline the importance of federal taxation in the conduct of business and personal affairs. The new 1942 CCH FEDERAL TAX GUIDE SERVICE, now ready, brings subscribers continuously the facts and data essential for swift, trouble-free handling of everyday federal tax questions . . . speeds the flow of revenues vital to the furtherance of the war.

Practical and understandable, this handy loose leaf manual gives a straightforward explanation of the basic federal tax law, essential full texts, filled-in forms and other helps, supplemented by current reports of important new developments throughout the year. Included, without additional charge, is the loose leaf CCH Internal Revenue Code Service, reproducing the Code in full, official text, always to-date.

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WASHINGTON

NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

Statement of Condition December 31, 1941

RESOURCES

Cash on Hand and Due from Other Banks	\$235,807,326.77
United States Government Obligations, direct or fully guaranteed	278,584,925.82
Other Securities	54,668,827.07
Stock in Federal Reserve Bank . . .	900,000.00
Loans:	
Loans and Discounts	\$ 84,381,368.15
Real Estate Mortgages	16,702,892.31
Overdrafts	73,810.01
Branch Buildings and Leasehold Improvements	1,067,383.35
Other Real Estate	1,490.25
Accrued Income Receivable—Net . .	1,718,666.16
Prepaid Expense	621,476.71
Customers' Liability Account of Acceptances and Letters of Credit	2,276,310.97
TOTAL RESOURCES	\$676,804,477.57

LIABILITIES

Deposits:	
Commercial, Bank and Savings .	\$583,587,130.17
U. S. Government	21,644,544.32
Treasurer, State of Michigan . .	13,580,079.30
Other Public Deposits	18,064,099.93
Capital Account:	
Preferred Stock (350,000 shares)	8,750,000.00
Common Stock (1,000,000 shares)	10,000,000.00
Surplus	11,250,000.00
Undivided Profits	4,776,923.50
Reserve for Retirement of Preferred Stock	125,000.00
Reserve for Common Stock Dividend No. 15 payable February 2, 1942	412,500.00
Reserves	2,337,889.38
Our Liability Account of Acceptances and Letters of Credit	2,276,310.97
TOTAL LIABILITIES	\$676,804,477.57

United States Government securities carried at \$46,415,169.91 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

DIRECTORS

HENRY E. BODMAN	JAMES S. HOLDEN	PETER J. MONAGHAN
ALBERT BRADLEY	JAMES INGLIS	R. PERRY SHORTS
CHARLES T. FISHER	WILLIAM S. KNUDSEN	GEORGE A. STAPLES
CHARLES T. FISHER, JR.	ALVAN MACAULEY	R. R. WILLIAMS
JOHN B. FORD, JR.	WALTER S. McLUCAS	C. E. WILSON

TRUST DEPARTMENT

This bank acts as Trustee, Executor and Corporate Agent

Member Federal Deposit Insurance Corporation

NATIONAL PROSPECT—Cont.



Donald M. Nelson, newly appointed chief of war production

sub-contractors in the war production effort. General supervision of advance payments is retained by the Under-Secretary of War, but there are being set up in the offices of the chiefs of the supply arms and services and in the War Department's procurement offices in the field, sections manned by experienced legal, financial and production personnel, competent to pass on these advance payments. It has been the policy of the Department, in order to expedite the war program, to make advance payments, on request of the contractors on contracts for supplies or equipping new facilities where it has been thought that production would be facilitated.

\$56,000,000,000

THIS COUNTRY expects to spend on defense in a single year no less than \$56 billions. If we spent \$56 a minute every minute of the day, every day of the year, every year until the money was gone, how long do you think it would take to spend \$56 billions? *

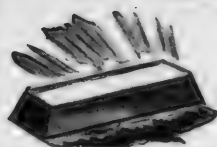
FDIC reports

SINCE 1938, FDIC reports, there had been a substantial growth in the amount of deposits held by insured banks, in the amount of deposits insured, and in the number of insured bank accounts, but a decline in the percentage of total deposits covered under the \$5,000 limit. The \$5,000 individual deposit insurance limit fully protects 981 of each 1,000 depositors in insured banks. The FDIC's liability under the \$5,000 limit was, on September 24, about \$26,000,000,000. In 13,434 insured banks there were 67,000,000 insured accounts, with total balances totaling about \$68,000,-

* 1900 years.

(CONTINUED ON PAGE 14)

This little Pig went into DEFENSE



A BAR OF

aluminum, called a "pig" in the trade, is a very essential material of defense. Where tough light metal is needed, aluminum and its alloys are used—in wire, motors, armor plate, castings and other products. A ton or more of aluminum may be necessary in the production of a single bombing plane.

Making one little pig of aluminum requires the coordination of many manufacturing and processing industries. Bauxite, the principal ingredient, must be ripped from the earth. Steel mills, refineries and power plants are some of the industries called in to push aluminum from its ingot and sheet metal stages into the wings of a plane. Only by INDUSTRIAL TEAMWORK can the little pig become precious metal and the materials of living and the implements of defense be made available in quantity. Insurance, the industry that protects other industries, acts to eliminate financial loss, so that least possible obstruction will confront the national defense effort.

INSURANCE

Aids Industrial Teamwork

To assure continuous flow of aluminum and other vital defense materials, factories, smelters and machinery must be carefully planned to minimize danger of loss through hazard. Insurance is on hand to replace when mishaps halt INDUSTRIAL TEAMWORK. More than that, it provides facilities to ferret out and plan against traps and hazards to clear the track ahead for full-speed production. Finally, Insurance reserve dollars invested in industry become bone and muscle to the ramparts of production.

☆ **THE HOME** ☆
Insurance Company
NEW YORK

FIRE • AUTOMOBILE • MARINE • INSURANCE

MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition as at close of business
December 31, 1941

RESOURCES

Cash and Due from Banks	\$ 365,609,706.20
U. S. Government Securities	340,928,747.80
U. S. Government Insured F. H. A. Mortgages	2,525,294.29
State and Municipal Bonds	30,085,722.18
Stock of Federal Reserve Bank	2,246,750.00
Other Securities	39,067,015.89
Loans, Bills Purchased and Bankers' Acceptances	260,309,534.41
Mortgages	16,224,925.78
Banking Houses	12,549,000.00
Other Real Estate Equities	2,949,876.40
Customers' Liability for Acceptances	5,597,842.60
Accrued Interest and Other Resources	2,411,451.24
	\$1,080,505,866.79

LIABILITIES

Preferred Stock	\$ 8,892,780.00
Common Stock	32,998,440.00
Surplus and Undivided Profits	42,233,744.36
Reserves	84,124,964.36
Common Stock Dividend (Payable January 2, 1942)	4,717,942.69
Preferred Stock Dividend (Payable January 15, 1942)	824,959.50
Outstanding Acceptances	222,319.50
Liability as Endorser on Acceptances and Foreign Bills	6,255,708.11
Deposits	355,254.15
	984,004,718.48
	\$1,080,505,866.79

DIRECTORS

EDWIN M. ALLEN President, Mathieson Alkali Works, Inc.	CHARLES FROEB Chairman, Lincoln Savings Bank	C. R. PALMER President, Cluett, Peabody & Co., Inc.
EDWIN J. BEINECKE Chairman, Sperry & Hutchinson Co.	PAOLINO GERLI President, E. Gerli & Co., Inc.	GEORGE J. PATTERSON President, Scranton & Lehigh Coal Co.
EDGAR S. BLOOM President, Atlantic, Gulf and West Indies Steamship Lines	HARVEY D. GIBSON President	HAROLD C. RICHARD Chairman, General Bronze Corporation
LOU R. CRANDALL President, George A. Fuller Company	JOHN L. JOHNSTON President, Lambert Company	HAROLD V. SMITH President, Home Insurance Co.
CHARLES A. DANA President, Spicer Manufacturing Corp.	OSWALD L. JOHNSTON Simpson Thacher & Barlett	ERNEST STAUFFEN Chairman, Trust Committee
ELLIS P. EARLE President, Nipissing Mines Co.	CHARLES L. JONES President, The Jones- Atkinson Corporation	GUY W. VAUGHAN President, Curtiss-Wright Corporation
HORACE C. FLANIGAN Vice-President	SAMUEL McROBERTS New York City	HENRY C. VON ELM Vice-Chairman of the Board
JOHN M. FRANKLIN President, United States Lines Company	JOHN P. MAGUIRE President, John P. Maguire & Co., Inc.	ALBERT N. WILLIAMS President, Western Union Telegraph Company

Principal Office: 55 Broad Street, New York City
67 BANKING OFFICES IN GREATER NEW YORK
European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

Both Common and Preferred shares have a par value of \$20 each.
The Preferred is convertible into and has a preference over the
Common to the extent of \$50 per share and accrued dividends.



INTERNATIONAL NEWS

Under-Secretary of State Sumner Welles leaving Washington for Rio de Janeiro, Brazil. Bidding Mr. Welles God-speed was, left to right, Señor Dr. Don Juan José Solar, Minister of Paraguay, and Dr. Carlos Martins, Brazilian Ambassador. Mr. Welles is at the right

000,000. Detailed data were released by FDIC in a statement of December 19.

Local debt decline noted

STATE AND LOCAL government debt outstanding on June 30, 1941 amounted to \$20,183,000,000, a decrease of \$42,000,000 during the 12 months, according to the Census Bureau. This slight decrease reversed the moderate upward trend which typified non-Federal public debt behavior in the pre-defense period and is in striking contrast with the \$6,008,000,000 increase in Federal public debt during the 1941 fiscal year.

With the addition of the \$48,979,000,000 Federal debt as of June 30, 1941, the total public debt—Federal, state, and local—amounted to a new all-time high of \$69,162,000,000. This, the Bureau states, is equivalent to \$521 for each person in the continental United States—\$41 higher than the corresponding 1940 per capita public debt. These figures do not include Federal borrowing for defense and war needs since June 30, 1941.

Of the total debt, the Federal debt comprised 71 per cent, the state debts 5 per cent, and that of the local governments 24 per cent. The proportion represented by Federal debt was approximately the same as in 1922, shortly after the first World War, although the aggregate public debt was only \$33,219,000,000 in that year. In 1912, state and local governments accounted for 79 per cent of the \$5,692,000,000 total public debt.

"Holding down" inflation

SIMULTANEOUS WITH the issuance of the Byrd committee's preliminary report, recommending budget econo-

(CONTINUED ON PAGE 17)

BANKING

How to get a larger cash income from business properties



THIS SINGLE STORY Dennison Plaza rivals skyscrapers in downtown Indianapolis, Ind., in attracting profitable tenants. A typical shop front in the Plaza is shown above.



THE SHINING PITTCO FRONT of the Dennison Plaza beckons customers daily to a cleaning establishment, restaurant, parking lot, service station, cocktail bar and sandwich shop. There's one continuous, harmonious Pittco Front for all. View immediately above shows handsome Pittco entrance to parking lot and its adjoining office. Architects: Pierre & Wright.

A MODERN Pittco Front often means the difference between a business property that barely makes enough to pay taxes . . . and one that yields a regular, dependable revenue.

Like other bankers, you will find that the profit-advantages of a Pittco Front far exceed the original cost of building it. This is especially true of a Pittco Front used to face an entirely new structure — like the one illus-

trated, where the gleaming Pittco Front was an undoubted factor in its successful competition with established locations for progressive tenants. But a Pittco Front can be used with equal benefit in modernizing a run-down, partially empty old building . . . or to give extra rent-appeal to individual shops. Because Pittco Fronts have proven such dependable business-getters, many banks make it

a point to encourage loans for Pittco-remodeling purposes.

Send for our free, illustrated booklet describing in detail some of the many Pittco Fronts which today are winning new customers and making more money. Just fill out and mail the coupon below — and the book will be sent to you with no charge or obligation whatever. It's packed with profit-making ideas.

PITTCO STORE FRONTS
PITTSBURGH PLATE GLASS COMPANY
"PITTSBURGH" stands for Quality Glass and Paint

Pittsburgh Plate Glass Company
2211-2 Grant Building, Pittsburgh, Pa.

Please send me, without obligation, your new, illustrated booklet, "Pittco Store Fronts—and Their Influence on Retail Sales."

Name.....

Street.....

City..... State.....

★ BOOKS ★

If you want any of the books mentioned on this page, send your check for the published price to **BANKING**, 22 East 40th Street, New York. Your order will be filled promptly.

Our World

THIS AGE OF FABLE: *The Political and Economic World We Live In.* By Gustav Stolper. Reynal and Hitchcock, New York. 369 pp. \$3.00.

IN this remarkable series of essays the author pays his respects to seven fables of the economic world and seven of the political world. Under economics there are the fables of state and government; of perfect capitalism; of perfect planning; inflation and deflation; gold; production for profit versus production for use; poverty amidst plenty. Section two covers the political fables of have and have not nations; the economic causes of war; Britain's decline; British imperialism; the workers' paradise; the German miracle; and decadent democracy and efficient dictatorship.

It is a very common-sense, although not necessarily orthodox, discussion of the means to get the maximum amount of satisfactions out of our economic system. The author weighs the advantages of a dictator state and government planning as opposed to planning by individual producers and consumers. An excellent background of recent economic history is supplied.

This book is a must for all serious students of economics or finance. It is recommended for all bankers, and for economists as an antidote to recent works of John Maynard Keynes and Alvin H. Hansen. It is a distinct contribution to an understanding of the economics of insolvency. The literary style is not only easy to read, but entertaining.

R. W. B.

Scarcity Value in Humans

THE FACTS OF LIFE IN BUSINESS. By J. Stanley Brown. J. B. Lippincott Company, Philadelphia. 196 pp. \$1.50.

THE personnel director of the Chemical Bank and Trust Company, New York, tells young people some things that ought to help them get ahead. His first purpose is to show that regardless of such business realities as "pull" and favoritism, a man can progress if he realizes that "life pays dividends on scarcity value." His second purpose is to outline some of the musts, the whys and the why nots in the path of the candidate for success. The importance of human "scarcity value" is repeatedly emphasized; indeed the essence of the book is its explanation of the difference between "sheer man-power" and the types of men for

whose services business and industry bid comparatively high.

Mr. Brown tells young people to analyze themselves and cultivate the personal qualities the other fellow doesn't have; he also urges them to develop the technique that will make the most of those qualities. Well written and crammed with practical advice, this is a wise little book.

Insurance

HOW TO PROTECT YOUR HOME AND SAVINGS. By Bennett Moore. Liberty Mutual Insurance Company, Boston. 104 pp. \$1.50.

HERE, in plain English, stripped of technicalities, is the story of what insurance can and should do for the home owner and the car owner. Mr. Moore, vice-president of Liberty Mutual, has a conversational style that makes easy reading, and he discourses pleasantly about some 79 ways for avoiding losses. The full page sketches by Frank Etienne add greatly to the interest of a very useable book.

Other Books

BANKING OPERATIONS IN OHIO, 1920-1940. By J. M. Whitsett. Bureau of Business Research, Ohio State University, Columbus. 217 pp. \$2.50. Dr. Whitsett, assistant professor of money and banking at Cleveland College, analyzes changes in Ohio's economic and banking structure; trends and contrasts in assets and liabilities of Ohio state and national banks; trends and contrasts in liquidity, investing policy, and other ratios; and current trends in earnings and expenses. It is a complete regional study of banking practices and trends.

THE SECURITIES MARKET AND HOW IT WORKS. By Birl E. Shultz. Harper & Brothers. 433 pp. \$5. The former dean of the New York Stock Exchange Institute gives a complete and authoritative picture of "the market's" operations.

EXCESS PROFITS AND OTHER FEDERAL TAXES ON CORPORATIONS, 1941-42. By Robert H. Montgomery, Ronald Press, New York. 710 pp. \$7.50. **FEDERAL TAXES ON ESTATES, TRUSTS AND GIFTS, 1941-42.** By Robert H. Montgomery. Ronald Press, New York, 761 pp. \$7.50. Here are two of Mr. Montgomery's familiar annuals. The former, obviously, is for corporations; the latter is more for individuals, interpreting developments resulting from the 1941 law and from rulings and decisions of the past year incident to tax administration and court review of contested questions.

A Correction

The publisher of **CANADIAN BANKING** by E. L. Stewart, noted in December **BANKING**, is the **Ryerson Press**, Toronto, not the Riverton Press as published.

NATIONAL PROSPECT—Cont.

mies of approximately \$1,300,000,000 per annum, the OPM announced that America's war program since June 1940 totaled \$74,440,000,000, including cash appropriations, net contract and tonnage authorizations, and RFC commitments.

In issuing the above recommendation, the Joint Committee on Non-defense Expenditures stated its belief that "substantial reduction in non-essential spending would be of material aid in holding down inflationary price increases." The immediate question, then, appears to be whether the savings which it recommends, and Congress enacts, will be sufficiently "substantial."

Budgeting for inflation

SENATOR PRENTISS M. BROWN of Michigan, in starting Senate debate on the price control bill, pointed out the heavy cost of inflation in war financing. Citing Bernard M. Baruch's statement that price rises in World War I cost the American Government more than \$13 billions, Mr. Brown said:

Price rises in the present program have already cost us more than \$2,000,000,000 on the basis of expenditures of only about \$11,000,000,000. Mr. Henderson told us that even if no further increases occur, the program of \$67,000,000,000—as it was estimated on December 7—will cost us about \$81,000,000,000. In other words, existing price increases have cost the Government \$13,500,000,000 on the basis of our original pre-war program. That was what inflation cost us last time. And if prices continue to increase at the rate they had increased up to December 7, Mr. Henderson estimated that it would cost us an extra \$31,000,000,000. That was the entire cost of World War I.

Tax Anticipation Notes

BETWEEN AUGUST 1 and January 6 the public purchased nearly \$2,500,000,000 of "tax savings notes." A new series, maturing in two years, was issued on January 1. These notes are acceptable at par and accrued interest not only in payment of Federal income taxes, but may be presented in payment of estate and gift taxes as well. The new notes of both series are available in the same denominations as heretofore and in addition, Series A is now available in denominations of \$500 and \$1,000.

Since January 1 Defense Savings Stamps are acceptable at their face value in lieu of cash as payment for notes. This permits accumulation of Savings Stamps for payment of Tax Savings Notes.

HELP SELL DEFENSE BONDS with this FREE DISPLAY!



Designed especially for banks.

Features accurate model of the Lockheed P-38 interceptor with interesting information on how America's war planes are built.

Bank window tests have actually proved the "traffic stopping" ability of this display.

Can be used in windows or lobby as you require. Its flexible design permits use in large areas as a unit or parts of the display may be used in smaller areas.

Provided by the Lockheed Aircraft Corporation as a patriotic service. We only require that you pay shipping charges (less than \$5.00) of the display to a pre-arranged nearby bank.

Write to Lockheed or send the coupon below

Sales Promotion Dept. • LOCKHEED AIRCRAFT CORPORATION • Burbank California

We would like to receive Lockheed's free bank window display, and we agree to pay nominal shipping charges.

Window size—HEIGHT _____ WIDTH _____ DEPTH _____

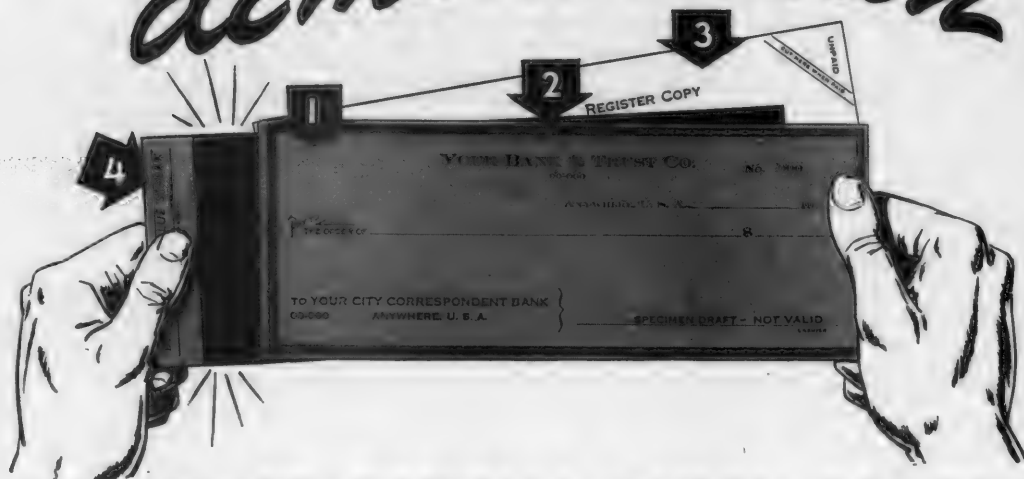
Bank Name _____

Street _____ City _____ State _____

We plan to use the display in window () lobby ()

NAME _____ TITLE _____

A 2-minute demonstration



...OF BETTER OFFICIAL CHECK CONTROL

1 This represents your Draft, Cashier's Check, Treasurer Draft, or Bank Money Order. For your safety, it is produced on paper that has exclusive fraud-prevention features. Unobtainable in blank form, crooks cannot counterfeit it. Nor can they alter its unique alteration-defying surface. Insurance guarantees this protection. Issuance is faster, easier and more accurate because...

2 ...bound-in, one-time carbons—always ready for instant use, without smudging hands or records—give you...

3 ...one or more exact copies of the original check. You eliminate one or more posting operations by using one copy as a register, from which entries are made to the general ledger. When filed numerically the copy also serves as an outstanding register. Upon payment of the draft, the copy is removed and filed according to date of payment. The paid original is filed numerically. This cross reference enables you to trace items instantly; gives you better control.

4 The Blue Streak binding and carbon snap away from the completed forms at a flick of the wrist. More time saved!

Cut posting operations, enjoy greater safety, and speed up service with resulting economy, efficiency and better customer relations. Send for sample forms to fit your needs.



ROCHESTER NEW YORK
OFFICES IN ALL PRINCIPAL CITIES

THE TODD COMPANY, INC., ROCHESTER, NEW YORK

Gentlemen:

Please send samples of Blue Streak, side-bound forms, designed to make our disbursement procedure faster, safer, more accurate and neater.

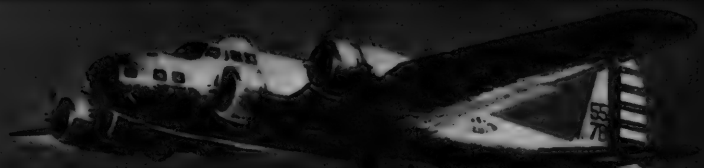
NAME _____ TITLE _____

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Our Powerful Credit Weapon

ROY A. FOULKE

GENDREAU

MR. FOULKE is the author of "The Commercial Paper Market," "Behind the Scenes of Business," and "The Sinews of American Commerce." He is co-author of "Practical Bank Credit."

THE pages of history contain little information regarding Colonel Hugh Hughes, who was Assistant Quartermaster General of the Continental Army from May 1776 to December 1781. That he was an individual with a keen economic insight who was not misled by the financial wanderings of the day, is clearly evident by his official correspondence which has been preserved over the intervening years.

In November 1781, while the Revolutionary War was being financed in such a way that "a wagon-load of paper money would scarcely purchase a wagon-load of provisions," Colonel Hughes had occasion to reply to an urgent request for funds from an assistant at Albany, New York. Colonel Hughes answered that request in a philosophic reply of deep political and economic understanding: "You talk of Money—The very Idea appears Chimerical—We have none, nor have we had. . . . Whoever expected to go swimmingly through this War, with his Pockets full of Cash, fairly obtained, reckoned without his Host.—No Nation that we read of, ever paid as they went, much less can one just emerging, and whose resources are not, nor cannot all be called forth, or organized till after the Contest, do it, which too few Consider."

One hundred and sixty years have passed since Colonel Hughes laboriously wrote those significant

words with his quill pen and brown ink. Now we are engaged in a greatest of all World Wars. To carry on this all-out struggle to the peace table and to protect our "nation conceived in liberty and dedicated to the proposition that all men are created equal," the proper and enlightened use of specialized credit has become highly essential, the credit of the Federal Government, credit for agricultural production, bank credit, real estate mortgage credit, and mercantile credit.

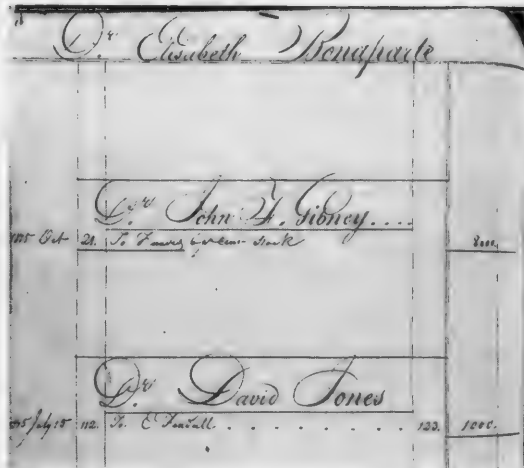
Credit is confidence in the ability of an individual, an institution, or a nation to meet his or its obligations on time. As long as you and I have confidence in the Federal Government to meet its growing obligations, both interest and principal, on time, credit is there. As long as the lending officer of a banking institution has confidence that a borrower can and will meet his or its obligations when they fall due, credit is there. As long as a seller of a piece of merchandise to a business enterprise or to an individual, and as long as the holder of a mortgage, has confidence that the buyer can and will meet the terms under which the merchandise and real estate were sold, credit is there.

OF these five broad fields of credit, the one which is of paramount importance in our increasingly intensified war economy is the credit of the Federal Government. On January 3, 1942 the Federal debt passed \$58,000,000,000 and on January 7 the President's budget message called for the stupendous expenditure of \$58,927,902,000 during the next fiscal year. These are surely astronomical figures.



K. W. MCLAREN

"... we must finance this war now—day by day . . ." Dr. Paul F. Cadman is economist of the American Bankers Association. Above, right, entries in a Treasury record book of War of 1812 days when the Treasury did its first large borrowing. Agents got commissions of $\frac{1}{4}$ of 1 per cent on \$100,000 subscriptions. Elizabeth Bonaparte was Napoleon's sister-in-law



At the present time, short-term Treasury bills are selling to yield approximately one-third of 1 per cent, four-year Treasury notes to yield approximately 1 per cent, and government bonds slightly over 2 per cent. Funds must and will be made freely available to finish this job. The immediate question is how to raise these \$58,927,902,000, and then more, and still more funds. Let's interview Dr. Paul F. Cadman, economist of the American Bankers Association, for enlightenment on this all-out program.

"There are only three sources for these funds," explained Dr. Cadman, "taxation, saving, and bank credit. Taxation is already a burden and will be more so, but centuries of history have fixed the limits of taxation at the point where the effort to produce and to save, begins to decline. Taxation must not be used to kill the incentive to production by absorbing all earnings above some arbitrary rate of return upon invested capital. England has already learned this lesson the hard way.

"Saving for war financing must be made largely out of current income. Obviously, existing savings cannot be

liquidated on a market preempted by war financing. Saving means not only the utilization of surplus but the lowering of the standard of living. The latter also has its limits.

"Maximum taxation and maximum saving will not meet the current and anticipated expenditures. Therefore, the Government will have to go to the third source of funds, namely, bank credit."

UNFORTUNATELY, when a bank buys a bond it creates a deposit, a process which is inflationary since new purchasing power actually comes into being. Dr. Cadman put this situation very aptly in the words: "It is the employment of purchasing power which originates in a loan on wealth that has not yet been created; wealth, much of which will be destroyed as soon as it is created. This source of funds will be used but the extent to which it is employed will determine the amount of the inflation which our democratic economy will be called upon to endure." One of the immediate delicate problems of finance will be the determination of what percentage

"... shortages of critical materials." Dr. Ernest M. Fisher is director of Research in Mortgage and Real Estate Finance, A.B.A. Below, defense housing projects, such as this, enjoy priorities



HARRIS & EWING
BANKING

of the current budgeted expenditures will be raised in each of these three ways.

"It is a tragic mistake," continued Dr. Cadman, "for any government official or adviser to proclaim that the size of the Federal debt is unimportant 'since we owe it to each other.' Let us beware of the theory that our debt cannot become too large. The direct implication of such an assertion would be that the Government intended to redistribute wealth by means of the debt. Obviously, the Government cannot promise to return dollars of the same purchasing power as those which it borrows, but it can write a valid contract. It can declare and believe its intention to pay. Indeed, it can do no less.

"It is obvious that we must finance this war, now—day by day, and hour by hour. The limits of the Government's ability to raise funds by any democratic method are fixed by the confidence of the public. That confidence will certainly be strengthened by evidence that all unnecessary expenditures are being eliminated."

EARLY last year the Department of Agriculture set up increased goals for the 1942 production of crucial agricultural and dairy products. These national objectives were then broken down for each county in the country where these particular commodities were produced. For example, an increase of 7 per cent was set for the production of milk, 10 per cent for eggs, 26 per cent for soybeans, and 84 per cent for peanuts. The increased goal for a particular county was then parcelled out to the farmers in that county. The successful carrying out of this 1942 program is essential to obtain the increased production of foodstuffs to feed ourselves, our Navy, our rapidly growing Army, and our far-flung allies. What problems of credit are involved in this basic program of expanded food production? Here we turn to A. G. Brown, the agricultural credit specialist of the American Bankers Association.

"When a farmer, for example, is given a 5 per cent or a 10 per cent increased goal in the production of milk, eggs, chickens, hogs, or oats," outlined Mr. Brown, "he immediately reckons the enlarged investment he must make in his own farming business to attain the increased production goals for his own farm. He must have credit necessary to purchase an increased amount of seed, fertilizer, and labor and, likely, at higher prices than prevailed last year. As he considers where he can get this increased amount of credit, he realizes that his local bank can get it to him more promptly and is interested in his farming problems more than any other agency. Seventy-five per cent of the 14,466 commercial banking institutions of the country are country banks.

"Most country banks are fully aware of the present situation and the opportunities presented to serve the increased credit needs of worthy farmers. There are a few counties that do not have any banks; in a few others, banks are not equipped to make and service agricultural loans. In such cases other agencies like the Production Credit Association and the Farm Security Administration, will step in and do the job. Ample credit must be made available on repayment terms and reasonable rates of interest to worthy farmers everywhere, if production goals of 'Food for Freedom' are to be met.

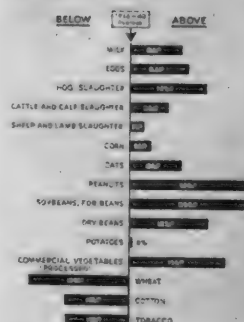
"The average farmer would certainly prefer to obtain



R. W. MCLAREN

"... to worthy farmers everywhere . . ." A. G. Brown has charge of the Association's Agricultural Credit Department. Below, part of the cover of the January issue of *News for Farmer Cooperatives*, published by the FCA

Production Goals for 1942



Subject to revision as needs develop.



his credit from his local commercial bank but, if for any cause, he is unable to obtain necessary credit on reasonable terms, it will be made available through government sponsored credit agencies. This is no time for *maybe*. The job must be done."

ALTHOUGH 75 per cent of the commercial banking institutions are country banks, the great percentage of the aggregate loans and discounts of all banks and trust companies is represented by loans to commercial and industrial business enterprises. How are bankers taking care of the increased need for credit outside of agricultural circles? Walter B. French, specialist of the American Bankers Association on these broad problems, gives us the interesting answer.

"The granting of bank credit under present conditions must be considered in two categories," explained Mr. French, "loans for war purposes and loans for non-war purposes. In cases where the financial condition of the potential borrower for war production purposes is weak, the banker is generally able to find adequate security in the assignment of payments due under the Emergency Plant Facilities Contract and of receivables due from the Federal Government. The fact that bankers in all parts



OEN PHOTO BY PALMER



E. W. McLAREN

"... priorities ... price control ... transportation ... consumer markets." Walter B. French heads the Consumer Credit Department of the A.B.A. Left, war production: shell manufacture in an arsenal

of the country are adequately handling this field is evident from the nominal volume of war loans made during recent months by the Federal Reserve banks. In some cases where the potential borrower is unable to obtain credit from his bank, application may be made to a Federal Reserve bank or to the Reconstruction Finance Corporation, and if a prime contractor, advances may be obtained from the Federal Government."

There is no question about the adequacy of the current extension of bank credit and the liberality of bankers in making loans for the production of war supplies and equipment. But what about the problems of non-war loans during this emergency period?

"TERMS such as priority and price-fixing which, a short time ago, were strange to us, have suddenly become important factors in non-war loans," Mr. French thoughtfully replied to this query. "Whether credit is being sought by the producer or the consumer, it must be considered in the light of four elements that are now a part of our war economy: *priorities* as applied to the raw material needs of manufacturers; *price control* as applied to goods in warehouses or in the process of manufacture; *transportation* which may become impeded in the shipment of non-war goods to designated markets; and *consumer markets*, especially that portion engaged in non-defense industries, because it is already evident that we may expect unemployment in certain fields. Even though wages are increasing week after week, we must remember that much of this money will be diverted to the war chest of the Federal Government by 'taxes and bonds, bonds and taxes' in the words of the President in his historic message of January 6. The extensions of age limitations of those eligible for service in the armed forces, and the restrictions already imposed by the Board of Governors of the Federal Reserve System on all forms of instalment buying will also affect consumer spending.

"Even if price control succeeds in stabilizing the cost of raw material, which is highly doubtful, and an agreement is reached with labor regarding wages, there is one

variable which will interfere considerably with any long range program, and that is *taxes*. Taxes are paid out of profits, but businesses and individuals alike will find it necessary to borrow to pay taxes. Taxes have increased and will continue to increase."

This bank picture was summarized succinctly by Mr. French in the following words: "Credit is readily available to the able borrower of integrity, for defense purposes in any amount and for any period of time within reason. Loans for non-war purposes must be carefully scrutinized, not only for the soundness of the credit, but also for possible interference with the war program, and with a full recognition that whatever changes in our economic organization that may be needed to further the defense program, will be made. It is obvious that the longer the term of the non-war credit, the more difficult it will be for the lender to anticipate changes which may occur in emergency times. Any prognostication for the purpose of granting long term credit would have little value during this period."

The basic problem of real estate credit in the light of our war economy is to see that real estate and building prices do not boom so that the extension of mortgage loans will be on an unstable foundation. This situation can be held in line if individual commercial banks and trust companies, savings banks, building and loan institutions, and life insurance companies, operate soundly and keep mortgage loans to a reasonable proportion of long term utility.

WHEN World War I ended, many business enterprises were high and dry with fine new war plants but limited orders to keep them running. The Emergency Plant Facilities Contract and the activity of the Defense Plant Corporation have licked this potential problem during World War II for private industry. Excess plant capacities with large funded liabilities will not be owned by business enterprises at the end of this struggle. Excess plants will be owned by the Federal Government or its agencies, and the problem then will be whether industry

(CONTINUED ON PAGE 54)

All-Out Credit Strategy

OLIVER McKEE

With the exception of two and a half years spent in the Army during World War I, the author has devoted his entire time to newspaper and magazine work since graduating from Yale in 1915. He is on the staff of the Washington Star.

IN HIS address on the state of the Union and in his budget message, President Roosevelt revealed to the world the plans of the United States to smash the military power of the Axis.

No country has ever before embarked upon so vast an industrial program. Half of our production this year will go into materials for the armed forces. Defense outlays will amount to half of the national income, estimated at more than \$100,000,000,000. In 1942, therefore, the economy of the United States will be geared to the demands of total war. At the peak of the effort, it is estimated that 20,000,000 Americans will be engaged in war production—15,000,000 more than at present.

To meet the needs of the Army and Navy, and provide lease-lend supplies for countries resisting Axis aggression, the United States last year made the largest addition to industrial facilities in its history—with an estimated value of more than \$8,500,000,000. Total war will necessitate a further expansion of American industry, and the conversion of thousands of plants to military production. This means large additional outlays for manufacturing facilities.

How will the impact of the war affect Federal lending to business? The question is timely, and easily answered. Government lending, henceforth, will largely be restricted to purposes directly related to the war. Com-

mercial banks will be encouraged to assist in financing new defense facilities and war contracts, for the Federal Government has no intention of competing with the banks in this field. It will supplement their efforts, however, and where businessmen and manufacturers are unable to get credit from private sources, the Government will supply the necessary funds for industrial expansion.

Federal agencies have at their disposal vast reservoirs of credit. In the earlier years of the New Deal, these were used, with effective results, in cushioning the shock of the depression, and giving a stimulus to the forces of recovery. Under the plans of the economic general staff in Washington, credit will be used as an instrument for speeding the production of supplies for the armed forces. Government credit will occupy an important, though little publicized, place in the broad strategy of the war. For it is one of the most potent of the weapons in the armory of economic warfare. As a corollary, it necessarily follows that Federal credit will be subject to the same priorities that govern the allocation of essential materials.

The United States today has approximately 175,000 establishments that are potential producers of defense supplies. Only a part of these at present are engaged in war production. To obtain our maximum output, it is essential that all these concerns be brought into the war effort, and the Government will use its credit facilities to this end.

FEDERAL Loan Administrator Jones made this clear in his appeal to all banks and bankers in the United States to cooperate in the Administration's program to spread defense orders among smaller business enterprises. The Reconstruction Finance Corporation will assist in financing these orders, Mr. Jones pointed out.

"In making loans for this purpose, it is necessary to take into consideration the ability of the contractor to fulfill his contract reasonably within the price and terms of the contract," he said. "When possible, an assignment under the Assignment of Claims Act of 1940 should be taken as collateral, or part collateral, for such loans. The loans should be disbursed on a budget basis, and the borrower assisted in whatever way the bank can be helpful.

"Any manufacturer needing financial assistance who has a contract with a department of the Government, or a subcontract with a responsible manufacturer who has a contract from a department of the Government, and who has an allocation from the proper authority for the necessary materials with which to fulfill his contract, must be given prompt consideration."

"Such a manufacturer should go first to his local bank, and if the bank is unable to provide the necessary

(CONTINUED ON PAGE 70)



Commerce Secretary-Federal Loan Administrator Jones appearing before a recent House committee hearing

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THE realities of our war in the Far East have at last compelled attention to many grave facts, outstanding among which is the importance of victory. Unless there is an uncompromising triumph over the Axis powers the economic future of the United States in the near term will be dark indeed. Our concern about the cost of the war is natural and understandable, but the cost of a negotiated peace or defeat would radically lower the standard of living of the American people for decades to come.

In the January issue of *BANKING*, in his column on the Condition of Business, the editor made a casual suggestion which brought an almost immediate response from a large number of readers. Briefly, he proposed that the taxpayers be given the option of buying war bonds in lieu of a part of the inevitable increase in taxes. While this idea was under discussion there came the announcement of a \$59,000,000,000 budget, exceeding the combined total of the prospective war disbursements of all belligerent nations for the year 1942. Whether such an amount can be raised and spent in twelve months remains to be seen, but the effort will nevertheless be made with a high degree of cooperation on the part of the entire nation.

In the congressional hearings on the revenue revision of 1941, Leon Henderson presented a table showing an estimate of the military expenditures as percentages of calculated national income in a selected group of countries; Germany led all others for the year 1941 with 66.3 per cent devoted to war effort. If this figure is even approximately correct it demonstrates the extent to which

SHIRTSLEEVES AND THE BUDGET

Senator George, chairman of the Senate Finance Committee, takes a look at our 1943 national finances



PRESS ASSOCIATION, INC.

Bonds and-or

PAUL F. CADMAN

the German Government has wrung the cost of the war out of the standard of living of the German people. We cannot and would not attempt to duplicate this record in the United States, but if we approach the goal set by the President in his latest speech on the state of the nation, we may well spend 40 per cent of the national income for military operations.

The vast sums needed by the Treasury can be obtained by democratic methods which presuppose a whole-hearted and voluntary response from everyone who participates in the national income; or they can be raised by totalitarian methods through forced saving or other types of arbitrary confiscation. A realistic appraisal of the situation makes it clear that the money has got to be raised and that taxation and borrowing are the only safe methods to employ. The editor of *BANKING* has helped to clarify our thinking by pointing out that there is, in effect, actual opposition between these money-raising devices, and that they are in competition with each other.

CONSIDER the matter from the viewpoint of persons whose incomes are now classified as in the middle group, which is to say, those who earn something more than \$2,000 and something less than \$15,000. If direct income taxes take a fourth or a third of their income, they will be forced to an immediate and extreme scaling-down of their standard of living. To what extent will such citizens be willing or able to buy Defense Bonds?

In the average man's family budget there are certain items which brook no contraction: minima of food, clothing, rent and fuel, medical and dental services, and life insurance premiums. If he owns his own home, he may or may not be able to rent it and move into cheaper quarters; if he rents a dwelling and is forced to seek for one less expensive, he increases the demand for low-cost housing, which is already excessive, and creates a problem for the landlords who also are taxpayers. If he borrows on his life insurance he creates debt and assumes interest charges. If he is sick, his doctor is not apt to charge him less, since taxes are making inroads on the doctor's income. If he foregoes recreation, the amusement business, which is at present a source of immense tax revenue, becomes less profitable and therefore less taxable. If he puts his automobile in dead storage, as he may be forced to do, the service industries, the fire, theft and liability insurance companies, and a host of allied enterprises suffer a reduction in income which is immediately reflected in their tax returns. In short, the curtailment of a standard of living will affect American business in direct proportion and reduce its tax contributions accordingly.

In theory, the Government might recoup these tax losses by laying increasingly heavy burdens on the war industries which are now operating to maximum capac-

Taxes

DR. CADMAN is economist of the American Bankers Association.

ity and which have already entered on a period of expansion. But it was long ago observed that no man (or government) can lift himself by his bootstraps. Taxation on war expenditures will not suffice to pay the bill. There is general and serious agreement that we should meet this emergency spending by all the taxation we can stand, but the limits must be measured by the psychological reactions of our people to the lowering of their standard of living. They are all willing to sacrifice, but they are not willing to be ruined. Saving is the natural factor of safety, but saving also means a reduction of the standard of living.

THE American citizen as a contributor to war finances is perfectly aware of the distinction between taxation and saving. What he gives up by taxation is irretrievably lost. But he lends his savings to the Government in the confident hope that he will recover some values. The Government's promise in the form of a bond is the only tangible evidence of this expectation. If he is aware of the nature and extent of the Federal debt he knows that he cannot and should not hope for repayment in dollars which will have the same purchasing power as those which he lends. If he reasons intelligently, he will reckon that the dollar value of his savings offered to the Government must be discounted and that the depreciation in purchasing power is also a form of tax; at least it is a contribution which cannot be recovered. But the bond is a pledge that some repayment will be made, and if he is a loyal and cooperative citizen he will nourish the faith that he will at some time enjoy the values which the bond represents.

It is not likely that Dr. Gallup will be invited to do so, but let us suppose that he took one of his telling statistical samples on the following question: "If you were given your choice between a further increase in your direct income taxes and the opportunity to buy war bonds, which would you elect? If you choose to buy bonds, would you buy less, as much, or more in dollar value than the tax increase which was the alternative?" It is a safe assumption that literally hundreds of thou-

sands of Americans who must deal with the realities, would buy bonds in an amount substantially greater than the increased tax which they would otherwise be called upon to pay.

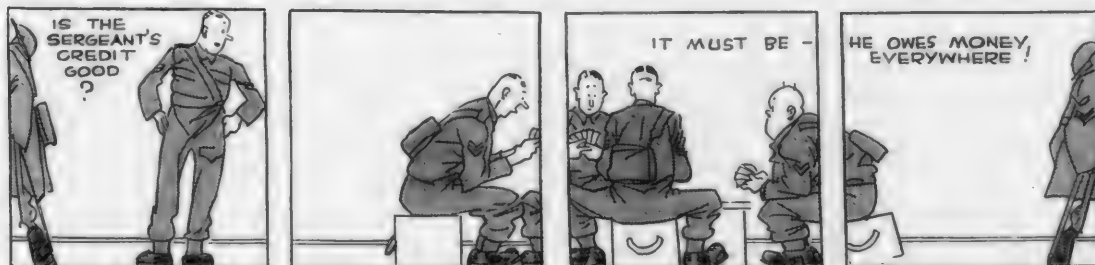
Perhaps the term "in lieu" is unfortunate since it is obvious that we are not going to escape taxation. Long experience has shown that radical increases in tax burdens tend to produce a diminishing return. There is a point where the contributor becomes discouraged, not only in his effort to produce but in his willingness to save. And there is a further point which stimulates his ingenuity to invent and contrive methods of avoidance.

CERTAIN of the modern social economists look upon this war as a blessing in disguise because they believe it offers the opportunity for the redistribution of wealth through debt and taxation. They again toy with the old concept of mathematical equality, both in possessions and income. The somewhat careless pronouncements of these theorists will not provoke the confidence which the Treasury must have to accomplish the financing of a \$59,000,000,000 budget. Anything which throws a shadow of doubt on the Government's intention to meet its obligations will engender a devastating uncertainty in the minds of the lenders. A covert program to engineer a proposed revolution by war financing in the United States is unthinkable. Indeed, confiscatory taxation imposed with the intent to destroy the taxpayer is also unthinkable. Last September *The London Economist* set forth in serious terms the question as to whether the hundred per cent profits tax had not actually decreased production.

The only way to get around such valid terms as "incentive" and "motive" is to apply the totalitarian "must." A dictator can decree, compel, confiscate, and destroy, but there is no evidence that America wishes to take this route. Incentives to production and saving are not only legitimate, but they are recognized as essential. There must be an equilibrium between taxation and saving which will call out the maximum value for the Treasury. It is a point at which sacrifice will be balanced by hope. It is that delicate psychological response from which discouragement and despair have been eliminated.

The editor of *BANKING*, in what seemed to be a casual remark, has expressed a profound principle. There is an opposition between taxation and saving and if it is to be reconciled by democratic methods it will be well to find the equilibrium before incentive is impaired and confidence destroyed.

An Expanding Credit



Wartime Investment Policies

E. SHERMAN ADAMS

MR. ADAMS, an authority on investments, is an officer in a large eastern bank.

IN what respects, precisely, should your bank's investment policies be revised in view of the active participation of the United States in the war?

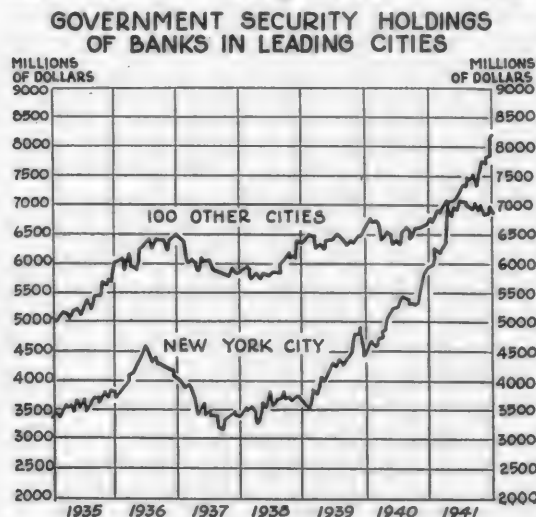
There you have Investment Problem No. 1 for 1942 for every bank in the country, large, medium-sized and small.

To answer this question, you must consider: (1) The role the banks will be called upon to perform in financing the war effort; (2) possible postwar developments that may have important implications today for bank investment management.

President Roosevelt has estimated that the Treasury will soon be borrowing about three billion dollars a month. The banking system will obviously be expected to absorb huge amounts of new Treasury securities. Moreover, the Government will naturally wish to borrow at reasonably low rates.

During wartime there will be little hesitation in Washington about the adoption of any means that may seem desirable to accomplish this financing task. If the banks do not voluntarily buy sufficient amounts of Treasury securities at satisfactory prices, official pressure will doubtless be applied. This was done during World War I. If new controls should be instituted now, however, they might become permanent. The extent to which new controls will be employed will probably depend in large part upon the investment policies adopted by bankers during this coming year.

In the chart below, adapted from the Federal Reserve Bulletin, figures include both direct and fully guaranteed obligations of the Federal Government. Data figures are for December 31 last



The ability of banks to buy securities could be increased enormously, of course, simply by reducing reserve requirements. If requirements were lowered to the levels prevailing prior to 1936, the banks theoretically could expand their investments by something like 75 billion dollars.

But the average banker does not buy bonds these days just because he happens to have some extra cash. Banks have increased their security holdings since 1933 primarily because they have had to do so in order to maintain earnings. As for the future, banks admittedly may require some additional bonds to offset higher expenses and particularly taxes. But their need for more investments may not keep pace with the needs of the Treasury for funds. Also, many banks are already reaching the point where their bond portfolios look quite large in relation to their capital funds. In such circumstances, a banker is reluctant to increase his holdings even if he has excess cash and even if he needs more income.

Bank investment operations also have considerable effect upon the orderliness of the market for U. S. Government securities. Even before our involvement in shooting warfare, the monetary authorities stated on several occasions that they had a definite interest in maintaining orderly conditions in the government bond market. Since Pearl Harbor that interest has naturally increased. At times in the past banks have contributed to disruptive liquidation of government securities. During wartime such conduct could hardly be condoned.

WE may conclude, therefore, that banks today have a patriotic duty to cooperate with the Treasury in its task of financing the war at a reasonable cost and of maintaining an orderly market for government securities. And it is obviously to the best interest of the banks to be cooperative.

This situation presents a rather perplexing problem. For years bankers have based their investment decisions almost entirely upon dollar-and-cents considerations. They have given little thought to the possible repercussions that their collective decisions might have on the bond market or on the banking system. The results, of course, have not always been too good. During 1931-33, for example, unnecessary liquidation of bonds by solvent banks contributed to the disorganization of the market and was partially responsible for many bank failures. Nevertheless, instances of self-restraint are not unknown. During the first jittery week of the war with Japan, banks were actually buyers on balance and helped to some extent to cushion declining prices.

On paper it is easy to explain how the banks could maintain an orderly bond market single-handed. A dozen or so of the largest banks might form a buying pool or might plan to take turns supporting the market during periods of weakness. Or bankers in many locali-

ties might agree to increase their holdings by varying percentages according to the severity of price declines. The mere formation of arrangements of this kind would tend to stabilize the market. However, innovations of this character rarely occur in the banking world except under the stress of a panic situation.

What, then, can be done? How can individual bankers cooperate with the Treasury? Here are four ways:

1. By doing their utmost to promote the sale of Defense Bonds.
2. By continuing to subscribe to new issues of Treasury securities.
3. By refraining from selling government securities, and by discouraging others from selling them, when market conditions are unsettled.
4. By buying government securities when market conditions are unsettled.

THE last two suggestions obviously require the most courage. But they are essential if banks are to make a real contribution to the maintenance of an orderly market. If a banker wishes to increase his investments, he should buy when prices are declining. He should postpone purchases when the market is advancing. If he is too heavily invested or has too many long term bonds, he should reduce his holdings promptly when prices are strong. Sales should be postponed when the market is weak. He should arrange his maturity schedule so there will be no necessity of liquidating at some future date when market conditions may be unfavorable.

Judicious selection of maturities is the answer for the banks mentioned above whose bond accounts already seem large in relation to their capital funds. If adequate consideration is given to the matter of maturity distribution, our banking system can absorb large additional amounts of securities without undue risk. The Treasury may substantially increase the volume of its outstanding short and medium term obligations. If so, yields for these issues may continue to grow more attractive.

Yields for short maturities are still abnormally low, however, and afford ample evidence of an active demand on the part of banks for these securities. Under existing conditions, therefore, it would hardly seem that a banker should feel under any patriotic obligation to purchase large quantities of long term bonds. If he holds all the long maturities he thinks he should have, he can plan to add to his holdings of shorter issues. His total holdings of long term bonds probably should not exceed an amount that he can confidently plan to hold to maturity regardless of market fluctuations.

THIS principle may, of course, prove to be over-cautious. It seems possible that prices for long term bonds may remain relatively high for some years, especially while the war continues. On the other hand, no one can foresee what conditions in the money markets will be after the outbreak of peace. Industry will doubtless need capital to offset rapid wartime depreciation and obsolescence. Vast sums may be required for reconstruction abroad and for the development of backward nations. At the same time many investors may wish to sell government securities acquired during the war partly for patriotic reasons.

Widespread Changes

THE war has greatly increased the volume of work that bankers must do. There is a tendency for bankers to pay less attention to their investments because of the pressure of other duties. And yet investment policy today is probably more important for the average bank than it ever has been before.

Many of the considerations discussed here are by no means new. The war emergency, however, has made many of them more urgent than they formerly were. The war will unquestionably lead to widespread changes in our economic institutions. No one can say whether independent banking as we know it will survive. The answer may depend in large measure upon the way the banking business is conducted during the years that lie immediately ahead.

Government bond prices may therefore decline appreciably after the war. But a really drastic drop does not seem likely. Even if a balanced budget is achieved, the Treasury will be confronted with the necessity of refunding large maturities each year. And the money managers will still be with us.

In view of these considerations, it would seem that a bank should avoid an extreme investment position. With the outlook so uncertain, it would probably be unwise to try to obtain much of a return from investible funds. A bank that is fully invested does not possess the flexibility that may be required by rapidly changing conditions. At the other extreme, a bank that maintains an ultra-conservative cash position cannot be regarded as fulfilling its proper function of supplying needed credit.

SOME economists say the war will be followed by a severe depression. Others say it will be followed by a business boom which in turn will end in a depression. Banks should obviously be prepared to withstand any crisis that may develop. Bank earning assets have been increasing rapidly and this trend will probably continue. Bankers should therefore do everything they can to minimize the risk in their expanding portfolios. They should plan to eliminate all sub-standard or borderline assets within some definite and reasonably short period of time. New investments should be restricted to top grade issues.

Commercial banks are apparently fated to be primarily investing institutions, rather than lending institutions, for a long time to come. Investments now comprise 59 per cent of total loans and investments of member banks as compared with 27 per cent in 1929. Bank investments will continue to increase sharply throughout the war period. Loans may keep on expanding for a while but the demand for bank credit may later subside due to the contraction of home building and instalment buying.

The British experience is illuminating. Investments of British banks increased 132.5 per cent during the two years ended June 30, 1941. Loans declined 11.5 per cent.

What Does a Voucher Vouch?

EDWARD J. KILDUFF AND RUDOLPH F. BROSIUS

In this article Professors KILDUFF and BROSIUS of the School of Commerce of New York University give some interesting stories on the origins of words and expressions used in banking. On the same subject BANKING carried an article by ERIC BERGER in the November 1940 issue entitled "There's History in Bank Terms" and, also by Mr. BERGER, "Origins of Some Business Terms" in the January 1941 issue.

THOUSANDS of bank depositors—and many experienced bankers as well—have been puzzled by the expressions *Receiving Teller* and *Paying Teller*. "What is a teller?" they have wondered. "Why is he called a teller? What does he tell?"

In such sentences as "Tell me what you find out," and "Tell me who were there," the word "tell" is employed in its extended sense "inform; recount the details of." For, originally, the word *tell* (from the old Anglo-Saxon word *tellan*) meant *to count in numbers*—a meaning that survives today in such usages as "The monk was telling his beads," and "The top sergeant ordered his men to tell off" (to count off). Hence, the word *teller* in the expressions *receiving teller* and *paying teller* is employed in its original meaning of "one who counts." We also find the word *teller* used in its original sense of "one who counts" in such a present-day sentence as, "At the stockholders' meeting, the secretary was appointed teller to count the proxies."

IN the ancient days of French chivalry, it was quite a "racket" for one noble lord, whose men in battle had captured another noble lord, to hold the latter in captivity until his friends could scrape together enough

Consternation and joy greet "a king in check"



In this old engraving the broker or brocheor, having broached a cask, hails a customer: "Hither, hither the Muses"

gold, silver, jewelry, and other valuables to ransom him. In those days, the expression (translated into modern English) "to finance the friends of the Duc of Picardy for the Duc's release" meant "to demand a ransom from the friends of the Duc of Picardy for the Duc's release."

One of the most noted cases of ransom in history was that of Richard I (Richard Lion-Heart) of England, who was captured by the men of the Duke of Austria about 1192. The ransom demanded was so large that his English subjects were heavily taxed to pay it.

The verb *to finance* is derived from the Old French word *finer* which had such several meanings as *to end*, *to settle*, *to pay*. The same root (*fin-*, *end*) appears in the everyday words *final*, *finish*, and *finis*.

It does seem far-fetched, but it is a fact that the word *check* in its meaning of a written order directing a bank or banker to pay money as therein stated is derived from the game of chess. In playing chess the expression "my king was in check" is used. The French word for this situation was *eschec*. Such an expression means that the king was directly menaced by or was under direct control of the adversary's piece or pieces. It is this idea of control that is paramount in our word *check* when used to designate a bank check. The present-day meaning came about in this way: The British word *cheque* originally referred to the counterfoil or stub of a bank draft or the like on which were recorded the main particulars respecting the bank draft. This information served both as a permanent record of the draft and as an auditing control or *check* against the draft. Later, the British word *cheque* referred to the whole bank draft including the counterfoil; and still later to the draft alone, without reference to the stub or counterfoil.

Such expressions as (*bill*) *broker*, (*mortgage*) *broker*, *stockbroker* are derived from the wine business. The word *broker* came into English from the Old French



An ancient cashier counts his gold

word *brocheor* which meant "one who broaches or taps a cask (of wine)." A *brocheor* bought his wine in casks from wholesalers or vintners, tapped these casks, and sold a glassful or a litre to his customers. He was a retailer of wine "from the tap," that is, a retail dealer in wines. Later, *brocheor* came to mean not only a retail dealer in wines but a dealer in any one of certain things—including bills of exchange, mortgages, and stocks.

HAVE you ever wondered why certain corporations call one of their financial officers the *comptroller* and other corporations call him the *controller*? Usage has made both spellings correct. The word *comptroller* is the result of an error that occurred about 1500. When the London business houses took over the word from the French, they thought that the correct spelling should be *comptroller*. They assumed that the word must come from the French word *compte* (meaning *account*) and that the man in charge of financial accounts should be known as a *comptroller*. This assumption was a mistake; for the true word is *controller*—a word derived from the French word *contrôleur*, meaning "one who keeps a counter-roll so as to check a treasurer or other person in charge of accounts." In turn, *contrôleur* comes from *contrôle*—a combination of the two French words *contre* (meaning *against*) and *rôle* (meaning *roll, register*).

Not so perplexing to customers and bankers is the word *cashier*. They immediately assume that it refers to a person who is in charge of the *cash* in a bank—and let it go at that. But how many know that the word *cash* represents the Englishman's attempt to pronounce the French word *casse* which means *box*?

The old French banker or businessman used to keep the money necessary for his business purposes in a handy money-drawer or box. This box was called a *casse*. As time went on, the name of the container (*casse*)

AS USED in banking, the word *voucher* is commonly applied to a canceled check that is returned to the depositor who drew it. *Voucher* comes in part from the Old French word *voucher* which, in turn, came from the Latin word *vocare* (to call). In early English law, a *voucher* was a person who was called as a witness to support or vouch for the claims of another in order to establish the latter's warranty of title to property. Later, the word *voucher* was applied to certain types of documents and papers that served to bear witness to or to establish the truth of something. Thus it came to be used in banking to refer to a canceled check, for such a check bears witness to or vouches for the fact that money was paid by the bank and was received by the payee.

came to be applied in England to the thing it contained (money). Hence *casse* or *cash* has come to mean money. And the word for the person in charge of the money box (and hence of the money in it) became *cashier*.

Two of the most important centers of finance in the world are Wall Street in New York City and Lombard Street in London, England. How Wall Street received its name is more or less common knowledge to us Americans: it was the street that ran along the north wall or rampart hastily erected by the Dutch to protect New Amsterdam against the attacks of the English.

BUT relatively few of us know the long and fascinating history behind the name Lombard Street—the world-famous financial street of London. In 568, a Teutonic tribe called Langobarden (Long Beards) invaded Italy and settled in the valley of the Po River. The district in which they settled became known as Lombardy—one of the present departments of Italy. Many of their descendants—called Lombards—had a marked aptitude for banking; so much so that the word *lombard* (without a capital "L") came to be applied to any banker.

The first public bank in modern Europe was the Bank of Venice, founded in the year 1171. Later, with the rise of England as a great trading nation, some of these Lombard money-lenders and bankers established branch offices in London—and the street on which they and other bankers met twice a day to transact business became known as the street of the Lombards, or Lombard Street. Paris also has a Rue des Lombards—the name of which originated in the same manner.

The palisade erected by the Dutch at the present site of Wall Street—from which the street derives its name—to protect New Amsterdam from the British



PICTURES FROM CULVER SERVICE



Defense housing development in East Hartford, Connecticut

Housing a Nation at War

MILES L. COLEMAN

The director of the Twentieth Century Fund's Housing Survey here contributes the last article in his series on modern housing.

THE first effect of defense activity on the housing market was a great spurt in house production. Increased migration and increased prosperity both helped to activate the market. Fears of rising prices, of inflation, of future shortages of materials all provided further stimulus. The result was that production during 1941 probably reached nearly 700,000 units, the largest since 1928. For a while a runaway boom seemed in the making, and, particularly in areas where the defense prosperity seemed doomed to a short life, concern of an aftermath collapse was prevalent.

As 1941 wore on that concern lessened as a new one arose. The prospect of shortages of certain vital materials became increasingly evident. The problem became one of maintaining a minimum of necessary production under scarcity conditions. By October the materials shortage had become critical enough to warrant the setting up of a system of priorities for housing.

Under this system a sufficient amount of critical

materials was to be made available to provide for 200,000 units of privately financed construction, with the possibility of increasing the allocation if the necessity could be later demonstrated and if the materials at such later time should be available. Priorities for the use of this allocation, however, were limited to dwellings in designated defense areas offered for sale at not over \$6,000 or for rent at not over \$50.

Late in the year provision was made to extend priorities so as to permit the completion of houses under construction. This proviso serves to prevent the wastes and losses that would result from construction halted midway. But it solves nothing so far as future construction of a non-defense character is concerned. At the present time official opinion wavers as to whether definite restrictions should be placed upon all building not strictly of a defense nature. Defense housing, of course, may be privately as well as publicly financed, and every effort will be made to encourage as large as possible a proportion of private work.

Thus matters stood at the end of 1941. Clearly the outlook for 1942, in spite of a continued pressure of demand and a continued availability of credit, is at best

Homes for defense workers in, left to right, Corpus Christi, Texas; Nashville, Tennessee; Chester, Pennsylvania



for a volume of housebuilding sharply reduced from that of last year. How much reduced will depend upon the way a balance is finally struck among a number of factors, about hardly any of which precise information exists.

On the side favorable to a sizable volume of construction, there is the fact that the very momentum behind the upswing in building during the past few years, to which has now been added the impetus of suddenly increasing prosperity, is bound to carry a considerable amount of work forward even amid unusual difficulties. This movement is made possible by the fact that a considerable amount of hidden supplies of critical items is still available to feed the market that knows where to buy and can afford to pay.

So far as housebuilding is concerned, the critical list is confined to the metals, and of these only three—copper, zinc, and steel—are critical to housing as well as to defense. What the total present supply of these materials is no one can tell. While they last they will diminish the sharpness of apparent shortages. When they are gone, shortages may become acute indeed.

THE current year shows no slackening of military demands upon the materials supply. The war program can have no other effect than to make further inroads on the materials formerly counted upon for non-defense consumption. Although production of copper, steel, and zinc has been markedly increased, the increase is not apt to be enough to satisfy the military appetite. Industrial and military construction, which showed some sign of tapering off, will be greatly augmented to make the increase of armament program possible. All this not only decreases the prospects for a continuation of any sizable amount of housebuilding in non-defense areas, but it may even, in spite of priorities assistance, tend to curtail new housing even in defense areas.

Against the almost incalculable demands, we have the relief that may come from the conservation of and substitutes for the critical items. The ingenuity of industry, under the pressure of the mother of invention, has just begun to show some results.

The FHA finds that by a conservative use of metals and an adoption of available substitutes the amount of metals in an average house can be reduced 12 per cent.

MORTGAGE lending is more than a banking operation. It is an integral part of the housing business. Mortgage money is the prime mover of the housing market, the main support of builders, and the stimulus of technical progress. Both the volume of production and the direction that it takes are largely subject to the lender's influence. The survival of the industry in these troublous times is thus in no small part in the lender's hands. The wisdom of his present operations and the soundness of his plans will figure mightily in the ability of the industry to carry its share of the task of quickly restoring peacetime conditions.

Almost all of this possible reduction comes out of the structure of the house alone and hardly affects the plumbing and heating, which account for 62 per cent of all metal used. It is estimated that adoption of the plumbing standards recommended by the National Bureau of Standards would result in a saving of at least 8 per cent of the metal ordinarily required for plumbing and heating. Obviously the more effective a program of conservation and substitution may be, the more houses there are that can be built from a given quantity of materials.

There are still other circumstances that to some extent will limit the seriousness of the crisis. The very shortage of a few of the materials needed for housebuilding may act to produce surpluses in others. Even with the current high levels of construction work for factories, cantonments, ship yards and so forth, there are and likely will be ample supplies of lumber, brick, and cement. Nor are there apt to be, for the next several months at least, more than isolated and temporary shortages of building labor. These situations should be favorable for such building as can go ahead.

After a balancing of favorable and unfavorable factors, just what are the prospects? It is estimated by the Department of Commerce that the number of units

(CONTINUED ON PAGE 59)

New, low-priced homes in Columbia, South Carolina



War Brings Personnel Problems

EDWARD N. HAY

Mr. HAY, personnel officer of The Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, has previously contributed articles to BANKING on personnel problems.

THE sudden change to an all-out war effort has brought to the surface many acute personnel problems. Hiring had been troublesome for some months; it has suddenly become very difficult. The number of employees who have resigned to take jobs elsewhere has been increasing steadily until, when losses to the military services are added, the total has reached an embarrassing level. Unrest among bank employees is showing itself more than usual. Present world conditions, no doubt, chiefly account for this uneasiness but thoughtful bank officers are seeking means of eliminating conditions that may cause discontent. For this condition is the cause of a large proportion of the resignations from bank staffs that are now taking place. It, therefore, becomes the duty of bank officers to find out why employees resign and to correct the conditions causing it, so far as possible.

THE principal reason for resigning is to take advantage of what appears to be a better opportunity elsewhere. Invariably, one of the more attractive conditions of the new job is a higher salary. It is here that most banks need to "take stock." It will usually be found that employees of long service, among whom are many of the less efficient, are receiving high salaries, chiefly by reason of their years of service. Younger employees do not always fare so well. Starting salaries are apt to be low and small increases come once a year at Christmas time. They usually bear more relation to the passage of time than to the nature of the duties performed and responsibilities assumed. There is a tendency in banking to "treat everyone alike" and to "keep salaries in line," ignoring the fact that the more able new employees develop more rapidly than the others in the complexity of duties performed.

The Pennsylvania Company has gone more carefully into the problem of salary management probably than any other bank in America. This does not mean paying higher salaries than anyone else but it does mean —

1. Comparing each position carefully with every other position so that the salary paid is appropriate to the skill required and the responsibility assumed.
2. Reviewing all salaries systematically at frequent intervals and taking note of the quality of performance of each employee in awarding increases.
3. Comparing average rates with competitors.
4. Centralizing the control of salary policy and methods of salary management but leaving the initiative for recommending increases with the heads of the various operating departments.

Besides fair salaries there are many other things that make for job satisfaction. Indeed many people contend that such things as a chance for advancement, recognition of good work, capable and fair supervision, and other things are more valued by the average employee than his salary.

Many banks find it good policy to increase salaries of new employees more than once a year. Many, too, are paying higher starting salaries than formerly. This of course is necessary because of the keen competition for young clerical workers. The increased cost of living has raised a new and difficult problem for banks. Since about half of the expenses of a bank are in salaries it becomes a grave matter when all salaries must be increased. Some banks, however, have met the living cost problem of their employees by guaranteeing increases to match changes in the cost of living index. But if the index should rise rapidly, say 25 per cent in six months, the resulting increase in total bank expenses would be dangerous. Most banks, while recognizing the problem of the employee in meeting the increase in living costs have awarded supplementary salary payments without identifying them directly with the cost of living. Any effort in this direction will help to allay employee discontent.

The method used in paying for overtime is also important in creating a feeling of employee satisfaction with compensation. Most banks have quite properly taken advantage of the "fluctuating work-week" principle of the Federal wage and hour law, feeling that bank employees have not only a truly variable work-week but also have the advantage of numerous holidays, stability of employment and other favorable conditions.

SOME banks, however, have deliberately adopted the regular work-week policy under which overtime is paid for at the rate of time-and-a-half instead of the half-time extra of the variable work-week plan. Many banks have been plagued with the employee wise-crack that under the latter method "the longer you work the less you get." The remark, while inaccurate, is one of those plausible sophistries that afford an opportunity to "let off steam" for the employee who realizes that he is getting very small pay for his overtime.

Apparently the "good old days" are gone when employees cheerfully worked long hours without extra pay when things piled up. In all truth much could be said for the loyal attitude of employees in the old days. Now, however, Sally, who works in the Tenth National gets \$1.50 for 6 hours of overtime while her sister, Mary, at Defense Industries, Inc., gets \$4.50 extra for the same

(CONTINUED ON PAGE 64)

War Business.. Conservation.. Scrap.. Small Business



PRESS ASS'N INC.



WIDE WORLD

Scrap steel is needed for defense. *Above*, a truckload of discarded automobiles being delivered to a scrap dealer; *right*, H. L. Gutterson, chief of the General Salvage Section in Washington



ACME



ACME

Perhaps more important than scrap steel is scrap rubber. *Above*, huge stacks of used automobile tires awaiting reclamation, in Akron, Ohio. *Left*, in New York as part of trend to "double-up" in conserving materials and equipment, a public typewriter can be hired for 30 minutes for 10 cents

Below, left, auto dealers, through the president of the National Automobile Association, tell their woes to a Senate Committee investigating small business problems. *Right*, one of the automobile salesrooms that will suffer from the conversion of the auto industry to defense



INTERNATIONAL NEWS PHOTO



ACME

War Business Blackouts . . . Bonds . . . Food



ACME



HARRIS & EWING

The public, especially in coastal areas, has become air raid conscious. *Above, left*, San Franciscans buying blackout fabrics. *Above, right*, Senator A. J. Ellender pointing to shelter sign in the Senate Office Building

Sandbags, basements and protection of records receive due attention. *Below, left*, San Francisco's city hall prepares for any eventuality. *Right*, 5,000 employees of the Western Pipe and Steel Company pledging themselves to a \$200,000 subscription to Defense Savings Bonds under the payroll allotment plan



ACME



ACME

The Bureau of Home Economics is experimenting with concentrated foods for possible war needs, *below, left*. However, food stocks in the U. S. were recently at a record high and we don't seem to be in danger of ration cards such as those, *below, right*, exhibited by Winston Churchill when he visited this country



PRESS ASS'N



INTERNATIONAL NEWS PHOTO
BANKING

War Business Planes . . . Ships . . . Guns



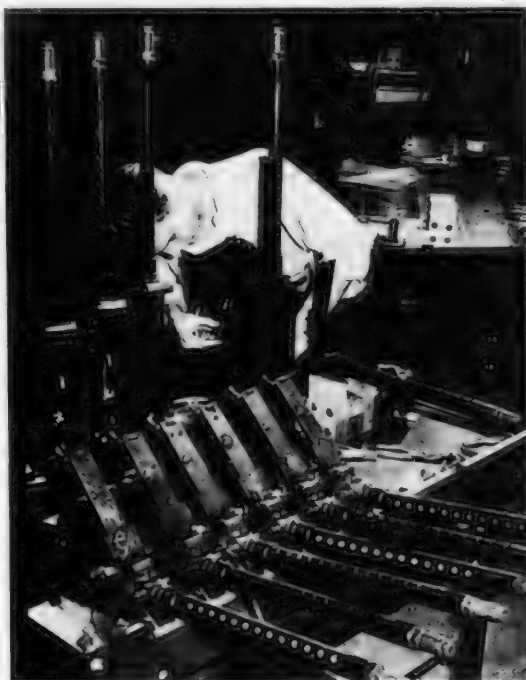
Flying fortresses in the production line of the Boeing Aircraft Company. Delivery of these planes are 70 per cent ahead of schedule according to latest figures

The U. S. S. *Herring* first submarine to be launched since the United States declared war



February 1942

Browning machine guns in a General Motors factory where auto parts were formerly made



INTERNATIONAL NEWS PHOTOS

Where There Isn't a Will



1. Some directors are always looking for ways to help their bank



2. Mr. X was such a director



3. He was a very conscientious individual and was always seeking opportunities to further the bank's progress



4. He was forever sending people to the bank to borrow money, start savings or checking accounts, create trusts, etc.



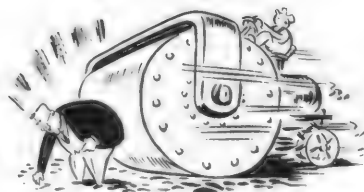
5. In public gatherings Mr. X was always alert to put forth suggestions in the best interest of his bank



6. And in private conversations he would tactfully persuade his friends when the subject of banking was discussed



7. Everybody agreed that Mr. X was of the finest, when it came to directors



8. Then, an unfortunate thing happened



9. Mr. X died



10. The aftermath showed, to the disadvantage of Mr. X's bank, that he had failed to work out a plan for his estate



11. Consequently, many difficulties arose in the bank's efforts to sell trust services



12. Mr. X's estate became rather badly involved under the mismanagement of a friend of the late Mr. X



13. This resulted in a great deal of unfavorable publicity in the newspapers and by word-of-mouth



14. Talking to a trust officer one fellow said, "Why should I name this bank in my will when one of your directors didn't have that much confidence in your services"



15. And another was quoted as saying, "If someone directly associated with the bank didn't establish a trust, why should I?"



16. Much of this typical talk circulated about



17. Indeed, there had been some malicious gossip running around the town concerning the bank's management of estates



18. And the fact that one of the directors failed to name the bank added fuel to the flame



19. Quite naturally, the people of the community lost confidence in the bank



20. Poor Mr. X



21. Mr. X had meant well ... but all his hard work and cooperation was canceled by his one fatal mistake



22. Mr. X, bless him, wouldn't have had it happen for the world

War Business . . . Washington . . . the Navy . . . the Draft



INTERNATIONAL NEWS PHOTO

"We shall carry the attack against the enemy . . . we shall hit him and hit him again . . ." President Roosevelt in his message on the state of the Union

Below, left, Rear Admiral Russell Willson congratulating Admiral E. J. King, new Commander-in-Chief of the U. S. Fleet. Below, center, Brigadier General Lewis B. Hershey, director of the Selective Service, warned that nobody would be able to avoid military service "by flimsy claims of 'essential' occupation or dependency." Below, right, Price Administrator Leon Henderson before a Senate Committee seeking means to cushion the shock dealers face with the cessation of automobile production



HARRIS & EWING

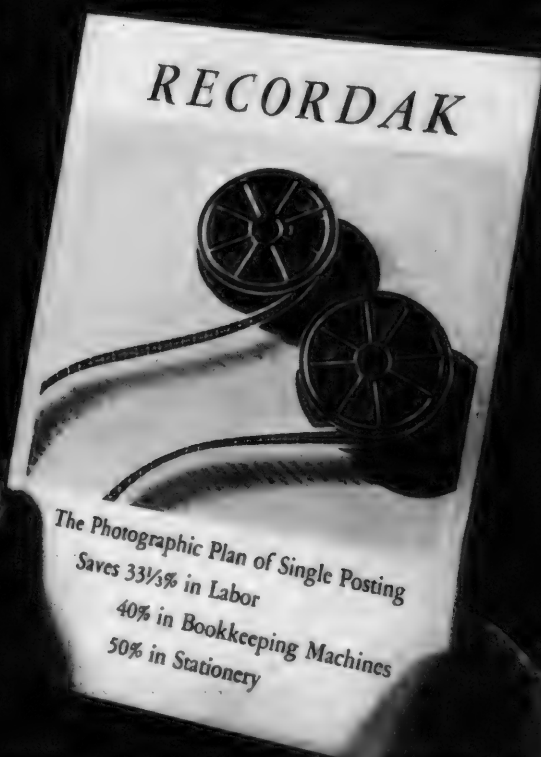


INTERNATIONAL NEWS PHOTO



INTERNATIONAL NEWS PHOTO

"Such sizeable savings
are particularly hard to
ignore in these days..."



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You can't ignore a one-third reduction in labor costs at a time like this, can you? Nor a 40% saving in the cost of machine equipment? Nor a stationery bill cut in half?

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ing is the "photographic system"—and a photographic copy, of course, is an *exact* copy... no errors, no omissions.

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CONDENSED STATEMENT OF CONDITION

At the close of business December 31, 1941

ASSETS

Cash on Hand, and in Federal Reserve and Other Banks	\$168,368,326.47
Exchanges, Collections and Other Cash Items	50,414,956.55
United States Government Obligations—Direct and Guaranteed	196,596,510.44
Other Bonds and Securities	21,301,970.28
Loans, Discounts and Bankers' Acceptances	134,157,857.54
Interest Receivable, Accounts Receivable and Other Assets	1,472,489.22
Customers' Liability for Acceptances	951,407.59
Real Estate Bonds and Mortgages	3,463,833.42
Equities in Real Estate	2,101,191.86
Banking Premises—Equity	2,010,202.42
	<u>\$580,838,745.79</u>

LIABILITIES

Deposits	\$520,582,593.26	
Outstanding and Certified Checks	<u>16,499,310.10</u>	\$537,081,903.36
Dividend Payable January 2, 1942		437,500.00
Accounts Payable, Reserve for Taxes and Other Liabilities		1,220,242.83
Acceptances		1,215,327.05
Capital	12,500,000.00	
Surplus	25,000,000.00	
Undivided Profits	<u>3,383,772.55</u>	40,883,772.55
		<u>\$580,838,745.79</u>

United States Government obligations and other securities carried at \$6,198,471.15 in the above statement are deposited to secure public and trust deposits and for other purposes required by law.

TRUSTEES

MALCOLM P. ALDRICH <i>New York</i>	FRANCIS B. DAVIS, JR. <i>President</i> <i>United States Rubber Company</i>	HOWARD W. MAXWELL <i>New York</i>
JOHN E. BIERWIRTH <i>President</i>	F. TRUBEE DAVISON <i>President, American Museum</i> <i>of Natural History</i>	HARRY T. PETERS <i>New York</i>
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JAMES C. COLGATE <i>Bennington, Vt.</i>	SAMUEL H. FISHER <i>Litchfield, Conn.</i>	DEAN SAGE <i>Sage, Gray, Todd & Sims</i>
ALFRED A. COOK <i>Cook, Nathan, Lehman</i> <i>& Greenman</i>	WILLIAM HALE HARKNESS <i>New York</i>	VANDERBILT WEBB <i>New York</i>
WILLIAM F. CUTLER <i>Vice-President</i> <i>American Brake Shoe & Fdy. Co.</i>	B. BREWSTER JENNINGS <i>Socony-Vacuum Oil Co., Inc.</i>	MEDLEY G. B. WHELPLEY <i>Guggenheim Bros.</i>

Member of the Federal Deposit Insurance Corporation

The Legal Answer Page

Air Raids

If employees of a bank are forced to remain on the bank premises after hours, or if during working hours they must retire to a safe place due to an air-raid alarm during which time no work is done, is the time so spent to be considered "hours worked" for the purposes of the Wage and Hour Act?

THE Wage and Hour Division, in Release No. R-1680, announced that time spent by employees on the premises of an employer during blackouts or air-raid alarms where no work is done "need not be compensated for as hours worked." In other words, such time need not be counted and may be made up without overtime requirements applying unless, of course, there would have been overtime even had there been no air raid.

This ruling applies to those paid on a weekly salary basis as well as those paid on an hourly basis.

Is time spent by employees on air-raid protection training programs, which they attend voluntarily after regular working hours, to be considered "hours worked?"

HERE, too, as in the previous problem, we have a definite statement of the Wage and Hour Division as to its administrative enforcement policy on this question, (Release No. R-1633). The Division has announced that time spent in attendance at air-raid protection training courses will not be counted in computing "hours worked." Of course, participation in the program must be voluntary on the part of the employees and the training must take place outside the regular work day.

May a bank suspend its usual operations during air raids or air-raid warning periods affecting the community in which such institution is doing business?

THE most desirable method of meeting this problem is for the banking officers, merchants and other businessmen of each community to meet and determine what their practice shall be under such circumstances. The conclusions arrived at should be publicized in the local newspapers. A bank may properly follow the community practice in matters such as this.

In New York, the Banking Board adopted a resolution authorizing banking institutions to suspend their usual business during air raids or air-raid warning periods affecting the community in which such institutions are doing business and to continue such suspension of operations for a reasonable time thereafter.

In the absence of statute or a ruling of a supervisory authority authorizing suspension of operations during air raids or air-raid warnings, the bank should consider amending its by-laws to provide it with the necessary authority. Some such provision as that which appears hereafter in italics may be added to the by-law dealing with banking hours:

This bank shall be open for business from o'clock a.m. to o'clock p.m. of each day of the year, excepting Sundays and days recognized by the laws of this state as holidays, and excepting periods when in the discretion of the board of directors or an officer or officers, it may suspend business because of fire, accident, act of God or of a public enemy, conformity to public regulation, or public emergency generally, in which case in such discretion the bank may be open a reasonable period after the regular business hours to accommodate its customers.

If, because of air-raid alarms and the consequent suspension of business, a bank is unable to present for payment at the proper time checks or notes in its possession, will this be deemed a failure to present and will the endorers thereby be discharged?

THERE is a section of the Negotiable Instruments Act which expressly provides for unforeseen contingencies—Section 81 of the Uniform draft. It reads:

Delay in making presentment for payment is excused when the delay is caused by circumstances beyond the control of the holder, and not imputable to his default, misconduct or negligence. When the cause of delay ceases to operate, presentment must be made with reasonable diligence.

It would seem that in a situation such as that presented in the question, if presentment for payment were made "with reasonable diligence" as soon after the air raid as circumstances permitted, it would be sufficient presentment to hold all parties to the instrument.

Tax Anticipation Notes

In the case of a trust company acting with certain individuals as coexecutor of a decedent's estate, is the trust company obliged to buy Treasury notes of Tax Series A-1943 or Tax Series B-1943 in the names of all coexecutors where the notes are to be used in payment of income tax due from the estate?

IN such a case, the Treasury notes will be accepted by the collector of internal revenue in payment of income taxes if they are inscribed substantially as follows:

. Trust Company, Coexecutor
Estate of John Doe
New York, N. Y.

In connection with payment by Treasury notes of income tax due from an estate having coexecutors, it is unnecessary that the notes be inscribed in the names of all of the coexecutors. As indicated, the inscription on the notes should be sufficiently specific to enable the collector of internal revenue readily to associate such inscription with the name in which the income tax return of the estate is filed. [I.T. 3507, *Internal Revenue Bulletin*, October 6, 1941.]

Time To Look at Costs Again

OTTO C. LORENZ

MR. LORENZ is a bank analyst and an outstanding authority on consumer credit.

OPERATING costs are breaking away from peacetime ratios. Standards of performance in every banking department should be subjected to re-examination. Many will require sharp revision upward and, unless bank management can find new and more economical procedures, net revenues per dollar of investment in many departments will be much lower in 1942 than in 1941.

In some departments, such as defense lending, it is possible to keep operating costs in step with rising volume. Where such departments are carefully operated and charges are based on an accurate knowledge of expenses incurred in running them, enough net profit may be developed by the banker to make up for loss of ground elsewhere. "Product-line" profit and loss statements such as are coming into increasing favor in manufacturing plants, could well be adapted by the banker to his own operations at the present time.

IN other departments rising operating expenses are not accompanied by rising volume and the fall away of volume and outstandings in savings deposits, to mention one such department, is giving rise to grave management problems. As savings account after savings account is converted into Defense Bonds and Stamps, employees in this department become increasingly busy on non-gainful work. Investments must be sold. Down come revenues from outstandings in a department whose employees may be unprecedentedly busy. Unless the remaining outstandings can be employed more gainfully or unless some procedure is introduced which cuts to a small fraction the amount of time spent in closing out a savings account, the banker will find his net income per dollar of investment in this department considerably lower this year than last.

As the draft takes its toll of trained personnel, up go operating costs. Even over a considerable period of time, green personnel cannot be trained to come up to standards set by an experienced staff.

Take, for example, the great consumer credit departments of some of our commercial banks where mass production methods are of paramount importance to profitable procedure. One such institution which normally employs 120 men lost 14 of them to the draft last year. The green labor which is replacing the trained men is having a marked slow-down effect on operations. In one phase of collection work—a simple posting operation—four men were able to handle 60,000 accounts comfortably. Today, it is necessary to employ six men to handle that number of accounts. The posting operation has been changed in no way, but the new men are slower.

The following table is presented to show what rate of interest the banker would have to charge on a \$100 average loan under certain conditions:

Acquisition Cost	Collection Cost Per Instalment	Interest Rate Required* To Cover Expenses
\$4.00	\$0.30	19.5 per cent
5.00	0.40	24.0 " "
6.00	0.50	28.6 " "
7.00	0.60	33.0 " "
8.00	0.70	37.6 " "
9.00	0.80	42.3 " "
10.00	0.90	46.7 " "

*Expenses include per dollar expenses at the rate of 3½ per cent per annum to cover overhead and cost of money. They also include provision for losses at the rate of 1 per cent flat of volume.

Obviously, bank managements may be concerned about their consumer credit operations. As operating costs increase, it appears that the bank chosen as an example in the manual might have to charge from 19.5 per cent per annum up to 46.7 per cent per annum if its average loan amount drops to \$100 on the basis of volume shown for February.

The conditions on which this tabulation is based are those described in the operating cost manual published by the American Bankers Association. The volume for February was taken as shown in the manual and then revised so as to eliminate the high balance deals and bring the average loan down to \$100.

But the draft is not the only factor in the turnover of personnel. Seemingly more attractive jobs elsewhere induced 13 other employees to leave the consumer credit department where 120 men are normally employed. The two factors together caused a labor turnover of 22½ per cent in one year—a pretty serious problem for any bank management. The difficulty can be solved in part by increasing salaries, but that means added expense.

Many commercial bankers whose consumer credit departments were based largely on automobile loans will turn to personal loans of other types to maintain volume. They know that the high average loan of \$200 or \$300 is a thing of the past since automobile sales have been restricted.

Guides are available to take bankers past hidden reefs and shoals. Whether the operation is large or small, whether urban or rural, the banker should study his operating costs, estimate his expenses and his revenues and be ready at a moment's notice to recast his entire program for 1942. This is no time for guess work. It's high time to look at costs again.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, December 31, 1941

RESOURCES

CASH AND DUE FROM BANKS	\$1,248,516,343.94
U. S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED	1,364,847,274.20
STATE AND MUNICIPAL SECURITIES	125,045,060.17
STOCK OF FEDERAL RESERVE BANK	6,016,200.00
OTHER SECURITIES	194,989,187.80
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES.	802,221,308.65
BANKING HOUSES	37,775,473.15
OTHER REAL ESTATE	6,842,700.13
MORTGAGES	8,729,425.18
CUSTOMERS' ACCEPTANCE LIABILITY	6,965,977.86
OTHER ASSETS	9,853,853.88
	<u>\$3,811,802,804.96</u>

LIABILITIES

CAPITAL FUNDS:	
CAPITAL STOCK	\$100,270,000.00
SURPLUS.	100,270,000.00
UNDIVIDED PROFITS	<u>40,369,834.49</u>
	\$ 240,909,834.49
DIVIDEND PAYABLE FEBRUARY 1, 1942	5,180,000.00
RESERVE FOR CONTINGENCIES	11,375,028.06
RESERVE FOR TAXES, INTEREST, ETC.	3,032,603.47
DEPOSITS	3,534,966,617.22
ACCEPTANCES OUTSTANDING	8,241,999.24
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS	575,267.46
OTHER LIABILITIES	<u>7,521,455.02</u>
	<u>\$3,811,802,804.96</u>

United States Government and other securities carried at \$354,906,037.00 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

Toward Simpler "Freezing" Control

HERBERT BRATTER

REPRESENTATIVES of the New York Federal Reserve Bank and the United States Treasury Department have completed a series of conferences in Washington for the purpose of meeting the new problems which have arisen in the freezing control as a result of the declaration of war on Germany, Italy and Japan. These conferences will result in the adoption of measures designed to meet new conditions which have arisen as a result of the declaration of war. Other measures were adopted to ease the burden of the banks in the administration of the freezing control.

As a preliminary to the conferences in Washington, the representatives of the Federal Reserve Bank of New York have participated in numerous discussions with the Foreign Exchange Committee in New York, also with representatives of leading banks.

Upon the declaration of war and our assumption of a status as belligerents, many problems arose concerning dealings with persons now considered enemies. Section 3(a) of the Trading with the Enemy Act prohibited any person from trading with the enemy unless authorized by the President. As a consequence, banking and business institutions throughout the country refused to put through transactions which appeared to involve German, Italian or Japanese interests. In order to integrate the licensing procedure under Section 3(a) of this act with that of the Treasury Department under freezing control, the President issued a general license under Section 3(a) permitting any transaction which the Secretary of the Treasury licensed under the freezing control order. This made it possible to centralize the problem of trading with the enemy under the freezing regulations. Prohibitions contained in Section 3(c), addressed to certain types of communication with the enemy, have likewise become of importance.

THE developments of the past month clearly indicated the necessity for recanvassing the outstanding general licenses and other documents in order to eliminate all communication with enemy or enemy occupied territories. For instance, it was considered desirable to amend General Licenses Nos. 32 and 33 in order to prevent remittances to persons in enemy areas even though such persons were American citizens. This group will be taken care of through machinery set up by the Department of State. It was also necessary to prevent banks and brokers in this country from dealing in securities on the basis of instructions received from enemy or enemy occupied territories. The outstanding licenses relating to trade were studied in the light of changed conditions, particularly with the view toward dealing with enemy nationals in the various generally licensed trade areas.

While the formal aspects of this program were receiving active study and consideration, the banks, dis-

playing their characteristic spirit of cooperation in time of emergency, refused to permit transactions involving communication with the enemy. Various types of remittances to enemy territory, action on instructions received from such territory and transactions relating to trade with such territory or with enemy nationals located in other parts of the world, had been suspended upon oral confirmation by the Treasury Department.

Much valuable information concerning the administrative problems experienced by the banks in connection with the freezing control had been obtained by the Treasury representatives as a result of their conferences in Cleveland, Chicago, Denver and San Francisco in the first week in December, as part of a tour which was interrupted by the outbreak of war. Through the cooperation of the American Bankers Association, the bankers' groups throughout the country and the Federal Reserve banks it was possible for the Treasury officials to obtain a first-hand impression of the mechanics of freezing control as administered in various sections of the country. This, along with the valuable information submitted by the Foreign Exchange Committee to the Federal Reserve banks, made it possible to adopt a program of simplification which would coordinate the practical problems of administration with the purposes of the freezing order.

As a result of these conferences, consideration is being given to the elimination of the reporting requirements existing under many of the general licenses, particularly those under General Licenses Nos. 5, 13, 14, 19, 21 and 27. Those required under many other general licenses are being modified, and the Treasury Department is endeavoring, with the cooperation of the Federal Reserve Bank of New York and the various banks throughout the country, to re-examine all general licenses in order to standardize the system of reports required by them. Similarly, the requirement of reports under specific licenses was canvassed and a plan developed for further simplification.

Prior to this conference, and as a result of previous discussions held with the officials of the Federal Reserve bank and representatives of various banks in New York, the Treasury Department was able to eliminate the requirement that domestic banks notarize applications filed on Form TFE-1 and reports. It is believed that this step will materially reduce the volume of work required of banks which have occasion to file numerous applications with the Federal Reserve.

Treasury officials feel that conferences along similar lines would not only do much to eliminate some of the heavier burdens which the banks feel they have carried under the freezing regulations, but also, by cooperation with the banks, would insure complete coordination in this country's program of economic warfare.

WAGES X HOURS ÷ MEN = ?

TODAY, this simple arithmetical problem is one of the toughest that banking institutions have ever had to face.

The situation in regard to wages, hours and manpower is acute. Laws increase the work and its cost—manpower approaches severe scarcity—and the country's war effort demands high efficiency from every one of us.

Many banks have found the answer in highly mechanized operation with NATIONAL machines and systems. Simple, accurate and fast, NATIONAL system applications have been devised and widely used for every bank accounting operation.

• Check this list of present NATIONAL applications in commercial banks:

CHECKING ACCOUNTS
SAVINGS ACCOUNTS
TRANSIT LETTER WRITING
CENTRAL CONTROL AND PROOF
TRUST ACCOUNTS
LOAN AND DISCOUNT POSTING
MORTGAGE AND
REAL ESTATE ACCOUNTS
CORRESPONDENT BANK LEDGERS
GENERAL LEDGER

• For a demonstration of one or more of these applications, please write or call the nearest NATIONAL office and arrange a meeting with our representative.

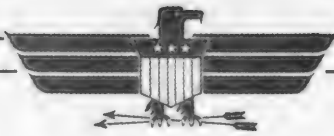
INVESTIGATE

National ACCOUNTING MACHINES!

THE NATIONAL CASH REGISTER CO. • DAYTON, OHIO

Cash Registers • Posting Machines • Check Writing and Signing Machines
Bank-Bookkeeping Machines • Typewriting-Bookkeeping Machines • Analysis Machines
National Postage Meter Machines





Life insurance dollars do a TRIPLE JOB for VICTORY

Life insurance dollars are being molded into guns, ships, tanks, planes. American life companies, through their purchases of U. S. Government bonds, have loaned our government nearly \$6,000,000,000 of the people's savings. Since the outbreak of war in September, 1939, the life companies' net investment in Government Bonds has increased by a round Billion dollars — enough to build 7,200 pursuit planes, or 13,000 medium tanks, or 160 modern destroyers, or 12,500,000 Garand rifles.

And — life insurance does not do one defense job, but *three*. It helps arm America. It also helps ward off deadly inflation. And it protects you and your family against *personal* disaster, protection which even more in time of war than in time of peace is essential to national welfare.

Life insurance, dependable servant of peace time America, now helps put muscle in the fighting arm of an aroused, united nation. Here is a living example of the truth that tremendous power in war, as in peace, lies in the voluntary efforts of free men and free institutions working together in a common cause.

Sound, progressive management safeguards your NWNL policy

Again NWNL presents the *first complete and final life insurance balance sheet* — published as usual on the first business day of the New Year.

In 1941, NWNL has

- reduced total management expenses, despite rising operating costs and increased insurance in force
- improved the quality of sales and service to policyholders
- reduced policy lapses sharply from 1940
- increased sharply the percentage of management expense dollars that are paid to agents

NWNL is well prepared for whatever tests lie ahead. The company's past record and the Financial Statement below attest that "Security First" is more than a slogan with NWNL — it is its guiding principle of management.

57th Annual FINANCIAL STATEMENT December 31, 1941

RESOURCES		
U. S. Government Securities	(25.1%)	\$21,799,108
Bonds Fully Guaranteed by the U. S.	(7.5%)	6,451,854
Canadian Government Securities	(.5%)	437,036
Other Bonds:		
State, County, and Municipal	(3.0%)	2,618,201
Railroad Mortgage Bonds	(6.1%)	5,318,982
Railroad Equipments	(.8%)	683,127
Public Utility	(15.7%)	13,638,610
Industrial	(2.1%)	1,817,558
Miscellaneous	(.8%)	652,710
First Mortgage Loans	(19.0%)	16,491,993
Policy Loans	(10.6%)	9,229,752
Real Estate (Incl. Home Office Bldg. and R. E. Sold Under Contract)	(2.9%)	2,533,777
Premiums, Due and Deferred	(2.5%)	2,179,026
Interest Due and Accrued and Various Other Assets	(.7%)	575,666
Cash	(2.7%)	2,301,683
TOTAL	(100%)	\$86,729,083

Insurance in Force \$481,197,511

LIABILITIES	
Legal Reserve on Policies	\$65,497,759
Death Claims Due and Unpaid	None
Claims for which Proofs are not Complete	234,628
Present Value of Death, Disability, and Other Claims Payable in Instalments	7,340,807
Premiums and Interest Paid in Advance and Premium Deposit Funds	2,855,900
Reserve for Policy Dividends on Deposit and Declared for Payment in 1942	3,132,290
Reserve for Taxes Payable in 1942	310,091
Miscellaneous Liabilities	653,581
Total Liabilities	\$80,025,136
<i>Voluntary Contingency Reserves and Surplus Funds for Further Protection of Policyholders:</i>	
Special Contingency Reserves*	\$1,899,693
General Contingency Reserve	650,000
Unallocated Surplus Funds	2,504,254
Paid-in Capital	1,650,000
TOTAL	\$86,729,083

*Includes reserves for fluctuations in asset values, interest rates, mortality and disability rates, and for policy dividends not yet declared.

Northwestern National Life

INSURANCE COMPANY

OF MINNEAPOLIS

O. J. Arnold



President

Charitable and Public Trusts

JOHN L. TOOMEY

"The Community Trust," by Mr. TOOMEY, appeared in January BANKING. The author is assistant trust officer of The Guardian Trust Company, York, Pennsylvania.

COMMUNITY trusts, discussed in last month's article, represent only a small portion of the human benefactions which have come into existence during the past 50 years.

In this period, there have been organized, in addition to 73 community trusts, approximately 250 other foundations whose aggregate resources now total almost a billion and a quarter dollars.

According to statistics published in the 1941 edition of *The World Almanac*, the capital assets of the 17 largest foundations, each having an endowment of \$10,000,000 or more at the end of 1940, were:

The Rockefeller Foundation	\$182,814,480
Carnegie Corporation of New York	125,000,000
General Education Board	129,209,167
Charles Hayden Foundation	50,000,000
The Duke Endowment	40,000,000
Julius Rosenwald Fund	20,000,000
Russell Sage Foundation	15,000,000
Horace H. Rackham and Mary A. Rackham Fund	12,500,000
Mary Louise Curtiss Bok Foundation	12,500,000
The Buhl Foundation	12,483,151
Children's Fund of Michigan	12,100,000
Juilliard Musical Foundation	12,000,000
Carnegie Endowment for International Peace	10,000,000
Carnegie Foundation for the Advancement of Teaching	10,000,000
Carnegie Institution of Washington	10,000,000
Commonwealth Fund	10,000,000
Spelman Fund of New York	10,000,000

Statistics published in *The World Almanac* reveal that at the close of 1937 there were 134 colleges and universities each with endowments of \$2,000,000 or more. From 1937 to 1940 the number increased to 142, and the total amount of endowment from \$1,341,485,488 to \$1,487,925,111.

IN addition to community trusts, foundations and college endowments, many trusts are administered by trust institutions, and trust departments of banks, the income of which is devoted to charities and philanthropies, but which would not fall into any of the three groups discussed.

Trust institutions and trust departments in banks have an important part in the administration of philanthropic funds. Without exception, the funds of community trusts are being administered by trust institutions and trust departments in banks, either acting as trustee, in the case of unincorporated trusts, or as managing agent in the case of incorporated community trusts. They also administer a portion of the funds entrusted to foundations, as well as certain of the college and university endowments.

The city of Philadelphia furnishes an interesting example of the part played by trust institutions and trust departments in the administration of charitable trusts in that city. In a study entitled *Charitable Trusts*, Ewan Clague, director of research of the Community Council of Philadelphia, and the Pennsylvania School of Social Work, states:

Charitable trust funds yielding an income of almost \$5,800,000 in 1931 are being administered by Philadelphia trust companies, including the Board of City Trusts. . . .

It is estimated, on the basis of 1931 values, that the amount of capital represented in these trust funds was approximately \$160,000,000.00 for local funds, with an additional \$6,000,000.00 of capital for beneficiaries outside the metropolitan area.

. . . A total of 662 separate funds are represented in the group of local Philadelphia trusts, and 128 in the group outside Philadelphia.

There are various ways in which trust institutions can, and do, make worth-while indirect contributions to the social welfare of their communities.

WHEREVER community trusts have been established, the trust institutions as trustee have encouraged people philanthropically inclined to make gifts to and for the benefit of the community. They have encouraged people to make gifts under broad terms that will permit such gifts to be used to meet any special need which may arise. They have also provided for the impartial distribution of gifts to various community projects, through a carefully chosen committee of citizens. In this way, trust institutions have inspired confidence by the careful and proper administration of gifts already in their hands, and thus stimulated other public spirited citizens to set aside funds for these purposes.

Trust institutions contribute greatly to community welfare. By serving as trustee and administering the funds of foundations, they relieve the governing boards of investment responsibilities, thereby enabling the members to devote their full thought and energy to developing and directing such policies as will best serve the purposes for which the foundations have been established.

Trust institutions can also render valuable administrative services in the case of college and university endowments by serving either as trustee or managing agent. Endowments administered by trust institutions provide an incentive to philanthropically inclined citizens to make additional gifts to their respective endowments.

Officials of our more than 2,800 trust institutions and trust departments should be aware of their responsibility in connection with social welfare and community advancement. Practically every such institution and department has within its trade area, either a community trust, a foundation, or an endowment. Although many of these are administered by trust institutions, there are many which are not.

EQUIPMENT and IDEAS

This department of BANKING is conducted by John J. McCann.

Wooden Files

A CONTRIBUTION TO national defense is being made by Remington Rand with the introduction of modernized wooden files. The new cabinets fit in with steel units and permit extension of existing

batteries without sacrifice of uniformity. Finishes correspond perfectly—the olive green is an identical sprayed, oven-baked finish. Grainings of walnut and mahogany are applied by the same process of photolithic reproduction. Tenite plastic hardware matches existing designs and colors. The new units have, in short, all the conveniences of the modern vertical file—plus features never before available in either steel or

wood. As production gets underway, 6,900 tons of steel will be released to war industries.

Synthetics

THE MODERN TYPEWRITER is infinitely more glamorous to the chemist than to the stenographer who taps its keys daily, for now the machine may incorporate eight or more plastic parts and additional synthetics. Draw strings of nylon, rolls of neoprene, cases of pyroxylin-coated fabric, and illuminated rolls of transparent "lucite" methyl methacrylate resin—which eliminate blind cutting of mimeograph stencils—are all products of the American test tube, reports Du Pont. These synthetics were adapted to the typewriter before the era of material shortages, but the current emergency is giving them double importance. Additional parts, particularly of plastics—tabulator keys, cylinder knobs, touch control, key tops—are being developed and will be applied as soon as additional supplies of synthetics become available.

Air Raid Precaution

VULNERABLE SEABOARD banks and others over the country, particularly in defense centers, are duplicating important records via Recordak and shipping them off to inland correspondent banks for safe keeping. This vital air-raid precaution is nothing new to the Recordak Corporation, however. In 1938, shortly before the Munich crisis, the Bank of England called on the Recordak to duplicate records of several hundred years as well as its current files. As fiscal agent for the Government, it became imperative for the bank to assure its records against damage and destruction, especially since the institution had been a favorite enemy aircraft target in World War I. Before undertaking this

A bank's Defense Bond booster in the Pacific Northwest



Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

CALIFORNIA'S ONLY STATEWIDE BANK

Condensed Statement of Condition December 31, 1941

RESOURCES

Cash in Vault and in Federal Reserve Bank	\$ 268,174,633.17
Due from Banks	160,891,154.39
TOTAL CASH	\$ 429,065,787.56
Securities of the United States Government and Federal Agencies	493,707,662.60
State, County and Municipal Bonds	158,491,958.95
Other Bonds and Securities	37,194,287.99
Stock in Federal Reserve Bank	3,720,000.00
Loans and Discounts	914,569,552.78
Accrued Interest and Accounts Receivable	6,477,141.87
Bank Premises, Furniture, Fixtures and Safe Deposit Vaults	31,957,940.30
Other Real Estate Owned	5,612,898.17
Customers' Liability on Account of Letters of Credit, Acceptances and Endorsed Bills	14,008,884.27
Other Resources	829,504.33
TOTAL RESOURCES	\$2,095,635,618.82

LIABILITIES

DEPOSITS:	
Demand	\$976,183,372.94
Savings and Time	\$932,200,548.29
Liability for Letters of Credit and as Acceptor, Endorser or Maker on Acceptances and Foreign Bills	14,211,905.28
Reserve for Interest Received in Advance	9,444,124.02
Reserve for Interest, Taxes, Etc.	3,217,021.83
Capital:	
Common (4,000,000 Shares)	\$ 50,000,000.00
Preferred (540,000 Shares)*	10,800,000.00
Surplus	62,000,000.00
Undivided Profits	21,634,808.17
Reserve for War Contingencies, etc.	11,284,183.47
Other Reserves	2,985,630.59
Reserve for Increase of Common Capital	1,200,000.00
Preferred Stock Retirement Fund	472,974.23
TOTAL CAPITAL FUNDS	160,378,846.46
TOTAL LIABILITIES	\$2,095,635,618.82

*Issued at \$50 (\$20 Capital—\$30 Surplus). Annual Dividend \$2. Preferred to extent of and retireable at issue price and accrued dividends.
This statement includes the figures of the London, England, banking office.

MAIN OFFICES IN TWO RESERVE CITIES OF CALIFORNIA
SAN FRANCISCO LOS ANGELES



495 California branches united
for strength and service



colossal duplicating operation the bank required assurance that in the event one of their premises was struck and records destroyed, photographic facsimiles could be made within a few hours. This assurance was more than amply provided for in the development of special enlarging equipment by Recordak and Kodak engineers. All of London's great banks adopted the same procedure in the following months. As many of the records were buried inland, Recordak set up special servicing stations to speed emergency processing. The same type of system is being set up in America today.

Bookkeeping

THE NEW FULLY automatic Duplex Monroe Bookkeeping Machine is the latest in short-cuts in production time for handling customers' accounts, statement and ledgers. This unit is equipped with automatic carriage tabulation and return, automatic carriage opening dating, negative balance, live skip and balance mechanism and other outstanding features of speed and simplicity of operation. Its compact size means more than convenience; it is an important feature that promotes efficiency and maximum production as it allows an orderly arrangement of the whole bookkeeping routine with the different records, papers, ledger sheets brought close to the machine and operator. Hand travel is reduced. The new Monroe desk scientifically coordinates the machine, work and operator.

Applications

NOW THAT MACHINE working time must serve double-duty among departments, bank purchasing agents will find the Index of Methods and Tables relating to Financial Applications, issued by the Marchant Calculating Machine Company, an invaluable aid. The index contains a brief outline of specialized methods covering all banking departments and functions. Full instruction bulletins on applying these methods are available in multigraph form for the asking.

Free Trial

A CHECKING ACCOUNT on approval! That's the current free trial offer that gets attention for the MORRIS PLAN STATE BANK of Oklahoma City. Customers are invited to open a "popular checking account" (no-minimum balance copyrighted plan) with \$10 or more, use it for 30 days or the first 20

It's estimated that 100,000 people will see this window display



The First National Bank of Chicago

Statement of Condition December 31, 1941

ASSETS

Cash and Due from Banks,	\$ 452,572,271.37
United States Obligations—Direct and fully Guaranteed, Unpledged,	\$323,533,559.27
Pledged—To Secure Public Deposits and	
Deposits Subject to Federal Court Order,	77,270,799.99
To Secure Trust Deposits,	36,027,683.12
Under Trust Act of Illinois,	518,518.05
Other Bonds and Securities,	73,244,682.77
Loans and Discounts,	408,518,033.77
Real Estate (Bank Building),	4,968,968.32
Federal Reserve Bank Stock,	2,250,000.00
Customers' Liability Account of Acceptances,	707,456.11
Interest Earned, not Collected,	3,060,788.91
Other Assets,	119,018.32
	<u>\$1,382,791,780.00</u>

LIABILITIES

Capital Stock—Common,	\$ 30,000,000.00
Surplus,	45,000,000.00
Other Undivided Profits,	3,008,173.14
Discount Collected, but not Earned,	823,483.54
Dividends Declared, but Unpaid,	750,000.00
Reserve for Taxes, etc.,	3,354,556.17
Liability Account of Acceptances,	956,605.21
Time Deposits,	\$180,090,310.31
Demand Deposits,	977,974,739.11
Deposits of Public Funds,	140,830,011.02
Liabilities other than those above stated,	3,901.50
	<u>\$1,382,791,780.00</u>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

checks and if the customer feels it is not worth the cost, refunds on the service cost of checks used will be gladly refunded and the account closed without obligation of any kind. Says the bank: "It is a safe bet that a trial will convince the customer—our plan has already received widespread public acceptance." The offer, of course, does not apply to regular accounts.

Publicity

A LETTER WRITTEN by Thomas Jefferson in 1803 was reproduced by letterpress in 1936 as an advertising piece by

the MORRIS PLAN BANK OF VIRGINIA (Richmond). The printing job on the 30,000 copies was so good that five years later the bank's officers were startled to see front page headlines in the morning paper claiming: "Letter Found in an Old Chest Believed Penned By Jefferson." Before the true origin of the letter came to light, 1,500 lines of publicity had run, including front page news stories, editorials and photographs. Tipped off indirectly by a bank officer, the afternoon paper gleefully told the origin of the "find." Editors of both papers took this occasion to wield their own pens in controversy.

It is generally conceded that the bank and the printer were the winners. Or, one might say, it pays to advertise well—even five years later.

Scenic Checks

A NUMBER OF banks in the Shenandoah Valley of Virginia are cooperating in a scheme for publicizing the attractions of the area by the use of customers' checks carrying a design that pictures various scenic views and points of interest in the Valley. Through an arrangement with the Todd Company, Rochester, New York, reports Ralph M. Ware of Berryville, chairman of the regional clearinghouse association, the checks are furnished to the banks and used by them with customer names imprinted.

The idea was developed by Shenandoah Valley, Inc. The check is a pantograph design in color on regular safety paper manufactured by Bankers Supply Company.

Slogan

ONE WAY to make employees Defense Bond sales-minded is suggested by the LINCOLN NATIONAL BANK of Newark, New Jersey. For the past three months employees have competed in a defense slogan contest. The winning entry will henceforth theme bank promotion to the public. A prize of \$5 in Defense Stamps goes to the winner.

Bowl Club

THE AMERICAN TRUST COMPANY of South Bend forms its 1942 Football Savings Club with a trip to Los Angeles for the Notre Dame-Southern California game, November 28, in the offing. Grid fans at the home of the "Fighting Irish" like this simple, systematic, \$1 a week all-expense trip plan which always climaxes the South Bend football season. In December members went to the Orange Bowl classic at Miami, enjoyed the three-day Orange Festival, a special dinner dance, and sight-seeing trips.

A.I.B. Service Men

PORTLAND (Oregon) CHAPTER, A.I.B., extends a welcome to service men of other chapters stationed in training camps and army posts in the vicinity. A cordial note from chapter president C. A. Paulson encloses a complimentary 1941-42 membership card and an invitation to use the facilities and join in the activities through the year. The honorary member also receives complimentary copies of the A.I.B. Bulletin. Portland A.I.B. hopes to extend this

STATEMENT OF CONDITION

Mercantile-Commerce Bank and Trust Company

Locust-Eighth-St. Charles
St. Louis

DECEMBER 31, 1941

THE RESOURCES

Cash and Due from Banks	\$70,137,069.22
U. S. Government Obligations, direct and guaranteed (including \$21,131,237.05 pledged*)	78,586,144.99
Other Bonds and Securities	29,345,569.15
Demand and Time Loans	45,622,263.89
Stock in Federal Reserve Bank in St. Louis	420,000.00
Real Estate (Company's Building)	2,350,000.00
Safe Deposit Vaults	300,000.00
Other Real Estate (Former Bank of Commerce Bldgs.)	1,500,000.00
Overdrafts	18,631.81
Customers' Liability on Acceptances and Letters of Credit	308,774.56
Other Resources	7,264.28
	<u>\$228,595,717.90</u>

THE LIABILITIES

Capital Stock	\$10,000,000.00
Surplus	4,000,000.00
Undivided Profits	\$3,238,338.35
Reserve for Dividends Declared	300,000.00
Reserve for Interest, Taxes, etc.	258,117.02
Unpaid Dividends	2,577.00
Bank's Liability on Acceptances and Letters of Credit	308,774.56
Other Liabilities	25,003.18
Deposits, Secured: Public Funds	\$ 14,882,822.68
Other Deposits, Demand	163,267,333.64
Other Deposits, Time	32,312,751.47
	<u>\$228,595,717.90</u>

*All Securities pledged are to the U. S. Government or its Agents, State of Missouri and the City of St. Louis, to secure deposit and fiduciary obligations.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

idea throughout the country. Lists have been mailed to other chapters with requests that similar gestures be extended Portland's service men.

Tax Table

THE PUBLIC NATIONAL BANK AND TRUST COMPANY of New York issues a tax folder that may be used to determine at a glance income tax saving resulting from the elimination of income derived from donated property. The series of tables contain three important facilities:

(1) They show the amount of reduction in estate tax and income tax resulting from a stated gift of part of the taxpayer's property. (2) They enable one to ascertain quickly the amount of gift taxes on such gift, and make immediate comparison thereof with the prospective estate tax on the taxpayer's property, and the prospective income tax based on the income thereof, before and after the gift, all with equal facility, and by a method which obviates the involved computations often required with the usual tax tables. (3) The unique multi-folder arrangement brings all matter pertaining to each prospective gift into juxtaposition with related income and estate tax tabulations, and eliminates the necessity for all individual calculations.

Dependents

HERE'S A WAR program worthy of note! The FRANKLIN SQUARE NATIONAL BANK of Long Island, New York, intends to provide "duration" employment for some member of the family of each employee who enlists or is called to service. The bank recently questioned its staff to determine the status of dependents, fixed expenses and additional income sources, if any. Substitute employment by the wife, sister or other member of the family will assure adequate support. President Arthur Roth states that while prospect of many such cases does not appear likely in the immediate future, he believes that banks should make provisions for any eventuality. He contends that members of families employed as substitutes will do better work than strangers who may feel that their jobs are temporary. Mr. Roth further says that what small loss may result in the inefficiency of service will be compensated a hundred fold in public goodwill.

Black-Out

WHAT ABOUT THAT blazing spectacular neon sign atop your bank building?

February 1942

NEWS FLASHES FROM THE FRONT TO YOU!

Action—while it's happening—is transmitted by CBS correspondents from the ends of the earth directly to you. Broadcasts from Tokyo, Berlin, Moscow, Cairo, etc., are picked up by the shortwave receivers on Long Island and "piped" to CBS Listening Station in New York where they are . . .

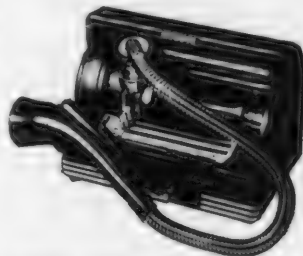


. . . Recorded on Ediphone cylinders. Foreign language broadcasts are translated and all are typed. In a matter of moments the world news is on the wires of every press association to news tickers in the War and Navy Departments, in the State Department, and newspapers from coast to coast.



Maj. George Fielding Eliot, Elmer Davis and William L. Shirer (l. to r.), famous CBS analysts, interpret news and military action to you with notes typed from Ediphone recordings. A vital necessity in the accurate recording of news, Ediphone dictation systematizes and speeds the flow of correspondence, notes, memoranda, etc. throughout CBS's huge New York office . . . Ediphone Voice Writing is contributing an estimated 100,000 extra man-hours of accomplishment per day to America. If you need to create executive time (and you do in war business) phone "Ediphone" (your city) or write Dept. K 2.

EDISON
VOICewriter
Ediphone



Thomas A. Edison, Inc., West Orange, N. J. or Thomas A. Edison of Canada, Ltd., 610 Bay St., Toronto



Pictures and a service flag used in a window of the Farmers and Merchants National Bank of Los Angeles

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, December 31, 1941

RESOURCES

Cash and Due from Banks	\$ 656,448,462.95
United States Government Obligations, Direct and Fully Guaranteed	724,258,158.91
Other Bonds and Securities	68,927,395.19
Loans and Discounts	284,763,260.90
Stock in Federal Reserve Bank	3,000,000.00
Customers' Liability on Acceptances	536,859.15
Income Accrued but Not Collected	2,854,463.89
Banking House	12,000,000.00
Real Estate Owned other than Banking House	1,996,261.10
	<u>\$1,754,784,862.09</u>

LIABILITIES

Deposits	\$1,616,430,112.16
Acceptances	536,859.15
Reserve for Taxes, Interest and Expenses	5,721,008.35
Reserve for Contingencies	17,233,017.17
Income Collected but Not Earned	469,172.09
Common Stock	50,000,000.00
Surplus	50,000,000.00
Undivided Profits	14,394,693.17
	<u>\$1,754,784,862.09</u>

United States Government obligations and other securities carried at \$202,333,292.78 are pledged to secure public and trust deposits and for other purposes as required or permitted by law

Member Federal Deposit Insurance Corporation

A perfect landmark for invading bombers! Not a bad idea to follow the example of the coastal banks which have turned the switch for the duration. When you do so be sure local airport officials are notified. The TRUST COMPANY OF NEW JERSEY gives a case experience. This bank's 10-foot building sign has been used as an unofficial beacon by airline pilots since 1924. It made a perfect landmark midway between New York's well-lighted theatrical district and the Newark airport. You may find a similar situation when you check up.

Bond Clubs

THEY'RE SPRINGING UP all over the country. And, as may be expected, merchandising-minded banks have picked new and appropriate names. What better designation could there be for the U. S. Bond savings plan than a "Victory Club" or a "Remember Pearl Harbor Club." The tremendous increase in bond and stamp sales following the war declaration certainly indicates the extent of public reaction. Doesn't it follow that the same psychology would work for increased sales when emphasis is placed on a war theme instead of defense?

Displays

THE PATERSON SAVINGS INSTITUTION of New Jersey has a suggestion for extending the use of bank lobby and window displays. Vice-president C. Kenneth Fuller made arrangements with the local chain theater for a secondary use of this material in the theater lobby. Most neighborhood theater managers would welcome the opportunity of re-using attractive Defense Bond display promotions. This kind of circulation is invaluable.

Bike Loans

THIS RUBBERLESS and new-carless era prompted the announcement of a new consumer loan service recently by the FIRST NATIONAL BANK OF PALM BEACH, Florida—a "Bike Loan Department"—no less. Said the opening announcement: "We're not fooling, and neither is Uncle Sam." Pictures of the old tandems were resurrected for illustration. But in a serious vein, the ads point out that riding a bike has advantages for health, for Uncle Sam, and for the wheeler's purse. Loans are payable in instalments, if desired. Oddly enough the ads have pulled a large number of inquiries. Florida, it is pointed out, has ideal terrain for the cyclist.

"Any Bonds Today?"

THE MERCANTILE NATIONAL BANK of Dallas, Texas, gets bond sales with an automatic record player in the lobby. The machine, appropriately decorated with the Minute Man insignia and stars and stripes, strikes out "Any Bonds Today," "God Bless America," and other stirring tunes during banking hours. A cutout display of Uncle Sam, set next to the machine, calls attention to the bank's bond savings program. A comely employee is also stationed there to push the buttons which change the records.

Bond Receipts

DURING THE CHRISTMAS season, the NATIONAL COMMERCIAL BANK & TRUST COMPANY of Albany, New York, issued holly bordered Defense Bond receipts in lieu of the regular forms which were exhausted by the holiday gift rush. Perhaps there's a thought here to amplify for other "gift" occasions — the new baby, birthday, Father's Day. An enterprising printer could do a real job decorating bond receipts with such motifs.

Contest

THE COMMUNITY SAVINGS BANK of Superior, Wisconsin, runs an interesting essay-editorial contest for students of the English, social science and journalism departments of the three local high schools. The winning composition receives a \$1 prize and is run in a weekly bank advertisement. At the end of the year, the 52 winning editorials will be judged again for a \$25, \$15 and \$10 award. This contest is highly commended by local educational authorities and provides a new angle for improving student relations and building public goodwill.

Apology

THE BANK OF MONTREAL recently addressed an impressive newspaper apology to customers who may have experienced some inconvenience or delay on services. The apology, if one calls it that, became an occasion to explain "Unusual Banking in Unusual Times." Copy told of the Dominion's war effort gaining in stride and speed, reflecting activity in business which in turn taxed banking facilities. It mentioned that although every effort is being put forth to keep pace with customer requirement, occasional delays are unavoidable owing to war-time depletion of the bank's staff. (More than 600 members are already in the Empire's forces.)

THE end-of-the-year statement has a distinct value in indicating the strength and facilities of a bank. But there are other factors of importance not shown among the assets.

In casting up our accounts for 1941, we find listed the names of thirty-one additional correspondent banks. An ever widening circle of friends thus adds to our already ample opportunities for service.

... THE ...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

Capital, Surplus and Undivided Profits

\$46,000,000

Member of Federal Deposit Insurance Corporation

Our Powerful Credit Weapon

(CONTINUED FROM PAGE 22)

will purchase some reasonable proportion of these plants, or whether the Government will or will not operate some, and allow others to rust.

How should the war problems in this segment of the credit circle be handled? Let's chat with Dr. Ernest M. Fisher, director of research in mortgage and real estate finance of the American Bankers Association, for his experienced views.

"The real estate market is a local and not a national or geographically wide one," interpreted Dr. Fisher. "Forces

generated by the war have already brought about the large-scale migration of population. This migration is of a two-fold character, toward industrial centers stimulated by the demand for workers needed in the creation of war supplies and equipment, and toward military centers. It is probable that this migration of population will prove to be one of the largest internal migrations that the country has ever seen. Already a rapid rise in rents has been brought about in many urban areas

where there is heavy war production.

"The congestion of population in some of the critical areas has become serious. It has become most acute where the expansion of the war plants has been most rapid, particularly when that expansion has occurred in small communities. Obviously, the population causing this congestion has been drawn from other locations. In some places, people are actually sleeping in cars, in tents, in trailers, and in other improvised shelters.

"THE most important effect of our war economy on mortgage lenders," continued Dr. Fisher, "has been the appearance of shortages of critical materials. These shortages appeared first in connection with certain metals that play an important part in the manufacture of munitions and ordnance. The list is constantly expanding, and the introduction of a system of priorities in the use of these critical materials will have far-reaching effects upon the mortgage lending programs of banks. Many bank lending officers have already taken measures to protect their depositors' funds against commitments for construction loans where construction might be delayed seriously because of these shortages and the introduction of priorities.

"The intensification of governmental control of building activity implies that mortgage loans on new construction will be more largely and more certainly confined to houses built in defense areas. It is not reasonable to suppose that the war will continue for a period long enough to permit complete amortization of the mortgages on houses built for workers in war industries. The hazard of making mortgage loans in these areas is, therefore, intensified unless the mortgagee be protected against the necessity for foreclosure caused by termination of the war. The problem of other real estate will be intensified by the rent control measures contemplated in the bill which recently passed the Senate. These measures will be more stringently applied where war industries are most active."

MERCANTILE credit is the most widely used form of short-term credit in our economy of free enterprises. Every bit of merchandise, raw material or finished product, which is sold by one business enterprise to another, except that sold on C.O.D. terms, represents the extension of mercantile credit.

This falls into the two categories into which Mr. French divided bank loans: credit to manufacturers engaged on war orders, and credit to all other business



The products of seed and soil have always been essential to the sustaining of human life. . . . In the present Defense emergency Minneapolis-Moline Modern Farm Machines are helping to keep this essential flow of food and fibre uninterrupted. . . . But the call is for increased production on ALL farms; and here the local banker and MM Dealer have a contribution to make. By extending "credit" to deserving farmers for more MM machines where needed, the farm hands being withdrawn for Defense can be replaced and yet production stepped up to maximum. . . . The MM line of tractors and machines is one of the most complete and most modern in the world. By putting more of this power to work you will not only be helping Uncle Sam but helping yourself and stimulating business for your entire community. . . . To those who do not need new Machines this year we suggest that you encourage them to keep their machines in good repair and buy needed parts early.

Invest in
Defense
Savings
Bonds
and
Stamps

"Keep 'em
Flying!"



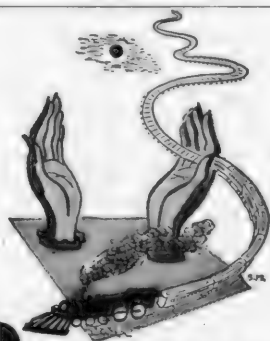
MINNEAPOLIS - MOLINE
POWER IMPLEMENT COMPANY MINNEAPOLIS, MINN. U.S.A.

The Condition of Business

(CONTINUED FROM PAGE 8)

enterprises. If a manufacturer of war equipment or supplies, in the considered opinion of the prospective creditor, is in unsound financial condition, mercantile credit does not need to be granted. That continues to be a matter of individual judgment and prerogative in a democracy. Quite uniformly, however, mercantile creditors are taking a liberal view, and it is no unusual occurrence for a seller whose standard selling terms are net 30 days, to grant special terms of 60, 90, and even 150 days. Some representative corporations are even extending credit to all manufacturers with priority orders no matter what their financial condition may be. In an occasional, unusually strained situation, a potential creditor may insist that the buyer obtain adequate financing before raw material will be shipped.

Business enterprises not in the fabric of war production are obtaining mercantile credit on the same terms and on the same bases which have been used over the years. It is, however, becoming increasingly important in the case of manufacturers, that creditors be assured that all necessary raw materials are available. Inventory unbalance, with more and more products going on the priorities critical list, will become a fundamental problem as our war economy continues to intensify.



DOUBLY HANDY

Opening through its own passageway directly into Grand Central Terminal, the Hotel Roosevelt offers you perfect convenience on your arrival in New York . . . And because of its location at the heart of Manhattan's great mid-town section, it affords the same kind of convenience for all outside activities . . . Doubly handy and doubly enjoyable . . . Attractive rooms with bath from \$4.50.

HOTEL ROOSEVELT

BERNARD G. HINES, Managing Director
MADISON AVENUE AT 45th ST., NEW YORK

Direct Entrance from Grand Central Terminal

has been disbursed in connection with the war industries. The same is true of contracts placed, checks paid out and certain other compilations.

EMPLOYMENT. This normally indicated the number of persons who were at work producing goods and services. Also it was a general measure of consumer buying power for a large section of the population. Now we must distinguish between military and naval employment, and other government

employment on the one hand and agricultural employment and civilian non-agricultural employment, on the other.

CORPORATE EARNINGS. The earnings of corporations were once a good index of business activity. In peacetime, profits were the principal purpose of engaging in business. With the coming of war, the principal if not the whole objective is production, without regard to profits.

WILLIAM R. KUHN



Statement of Condition

At the Close of Business
December 31, 1941

ASSETS

Cash on Hand and Due from Banks . . .	\$88,460,524.36
United States Securities Owned . . .	26,465,000.00
Stock in Federal Reserve Bank . . .	330,000.00
Other Stocks and Bonds . . .	2,342,609.06
Loans and Discounts . . .	63,351,690.97
Furniture and Fixtures . . .	254,191.35
Banking House . . .	2,225,000.00
Other Real Estate . . .	1,003,662.85
	<hr/>
	\$184,432,678.59

LIABILITIES

Capital Stock . . .	\$5,000,000.00
Surplus Fund . . .	6,000,000.00
Undivided Profits, Net . . .	4,326,000.29
Reserved for Taxes, Etc. . .	390,676.57

Deposits

Individual . . .	\$95,779,839.88
Banks and Bankers . . .	60,827,732.85
U. S. Government . . .	12,108,429.00
	<hr/>
	168,716,001.73
	<hr/>
	\$184,432,678.59

FIRST NATIONAL BANK
in DALLAS MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

A Real Estate Experience Record

THE recent successful real estate selling experience of several mutual savings banks in Westchester County—that populous suburban section just north of New York City—is interesting and is timely, because the recent government action virtually stopping all new building, except for defense, may not be without some compensating benefits to real estate as a whole.

Even without the impetus of the demand for older properties created by the compulsory cessation of new con-

struction, sales of such properties have been mounting in recent months in many parts of the country. The current experience of savings institutions in Westchester County is a specific and typical example.

The Home Savings Bank, of White Plains, with total assets of almost \$17,000,000, in an eight months' campaign in 1941 sold 48 properties for an aggregate of \$378,600. This was a co-operative campaign with about 30 local real estate brokers. The bank issued a

brochure containing 80 photographs and property listings. The advertising also included a weekly full-page advertisement in the local daily newspaper, and display and classified advertisements in the New York Sunday newspapers. The campaign was so successful that a new edition of the brochure is now being issued for a 1942 campaign of selling.

SINCE opening its real estate department last May, the Westchester County Savings Bank, of Tarrytown, which has more than 6,000 depositors, has sold bank-owned real estate assessed at \$581,000. Fifty-eight parcels were sold in Westchester County.

The Peoples Savings Bank, of Yonkers, with resources of over \$26,000,000, which has had a real estate department for several years, pushed the department especially in 1941, and sold over 100 properties aggregating over half a million dollars. It worked in cooperation with local real estate brokers, and the *pièce de résistance* of its follow-up was a large brochure, the first edition of which listed and illustrated 289 properties—dwellings and larger properties.

The Yonkers Savings Bank, with resources of over \$28,000,000, sold almost 100 real estate properties in 1941. This institution, like the others mentioned, also worked through brokers, and used classified and display newspaper advertisements.

Other Westchester County savings banks which have been having good results in selling their real estate in the last few months are the Eastchester Savings Bank, of Mount Vernon; the Peoples Savings Bank, of New Rochelle; the Port Chester Savings Bank, of Port Chester; the Union Savings Bank of Westchester County, of Mamaroneck; and the Peekskill Savings Bank, of Peekskill. The Bowery Savings Bank, the Emigrant Industrial, and other New York City savings banks have also succeeded in selling many of their Westchester County holdings in the last year, much to the advantage of home-seekers and investors, as well as for their own benefit.

The Queens County Savings Bank during the first 10 months of 1941 sold 83 properties. Of these 39 per cent were two-family houses and 53 per cent were one-family dwellings, with investment and store properties making up the other 8 per cent of sales. Queens Borough residents bought 75 per cent of the properties.

T. D. MACGREGOR



is engaged primarily in facilitating wholesale distribution and retail sales of consumer goods manufactured by GENERAL MOTORS CORPORATION and its affiliates or sold by dealers in its products, such as automobiles and trucks; refrigeration and air conditioning appliances; lighting, power and heating equipment.

The business consists of investments in self-

liquidating credits, which are widely diversified as to region and enterprise, capital employed being in excess of eighty million dollars.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.



These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK BRANCHES IN PRINCIPAL CITIES

Prompt and Reliable

INFORMATION ABOUT CANADA

Through our 565 Branches in Canada, the New York Agency is in close touch with every phase of Commercial and Financial activity in the Dominion and is well equipped to assist and serve corporations, firms and individuals interested in Canada.

INQUIRIES INVITED

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE . . . TORONTO, CANADA

S. H. LOGAN, President

A. E. ARSCOTT, General Manager

NEW YORK AGENCY: Exchange Place and Hanover Street

Agents: C. J. STEPHENSON — N. J. H. HODGSON

The Modernization Market

WIDESPREAD present need for the rehabilitation of existing industrial and residential property as a short-cut to the provision of urgently needed space for war production and for housing war workers is reflected in reports made to the National Association of Real Estate Boards in a special inquiry accompanying its 38th semiannual survey of the real estate market, which covers 248 cities.

Although as of the date the United States entered the war there was usable industrial space still available in 76 per cent of the cities, in 53 per cent there was already practical need for remodeling and reconditioning industrial space, the reports indicate. Every movement made since to intensify the war effort adds to this need, association officials pointed out.

On the day the United States entered the war, need for remodeling old houses and other structures as quick provision of new dwelling units was already felt in 92 per cent of all the defense areas of the country. Enlarged need of critical materials for war production has since emphasized and widened this need, it is reported by 85 per cent of the cities.

Existence of industrial structures that can practicably be brought into use through remodeling or reconditioning points the way to speedy and economical provision of new room for industry and at the same time to the conservation both of critical materials and of real estate values.

"Among cities that have industrial structures that could practicably be remodeled or reconditioned now, 92

per cent also have dwellings convertible to modern use," said the association.

"Indeed, out of all the cities reporting usable industrial structures still available, 85 per cent report that they also have residential property that it would be practicable now to recondition for effective use. In other words, use of existing industrial structures would tend to give defense workers in such plants housing partially ready-made.

"One-third of the cities of over 500,000 population reporting in the

Association's survey have an industrial real estate shortage, and not one of the cities in this size group has any oversupply. Regionally, the report 'no more industrial space available' comes oftenest from New England in which 41 per cent of cities so report, and from the central Atlantic region (30 per cent).

"Regions in which industrial space most generally remains available are the southeast (94 per cent of cities) the north central and the northwest regions (80 per cent of cities in each)."



DEALERS IN
UNITED STATES GOVERNMENT
STATE AND MUNICIPAL
SECURITIES

BANKERS TRUST COMPANY
NEW YORK

Defense Bond buyers visiting The First National Bank of Chicago paid little attention to the weather the day this picture was taken. It was below zero outside—but these people didn't come in just to get warm. They're buying bonds!



North of the Border

CANADIAN security markets are awaiting with interest the Dominion Government's fourth war loan which will be launched during February. The ease with which it is absorbed will, of course, have an influence on future company financing and re-funding operations. The new issue of Victory bonds will total \$600,000,000 and local sales promotion committees have been urged to concentrate their efforts on wage-earners with the object

of diverting as much as possible of their expanded earnings to the war effort.

Since September 1939, the Canadian Government has borrowed almost \$1,500,000,000 from the public and from domestic institutions other than banks. (In addition to three bond issues—none of which is tax-free—War Savings Certificates to the value of about \$95,000,000 have been subscribed for. These mature seven and one-half years after the date of issue

and may be purchased at any time in various denominations).

In the fiscal year ending March 31, 1942, approximately \$2,820,000,000 will have to be raised; over half this sum will go to direct war expenditures, about one-third to advances to Great Britain for equipment and supplies, and the balance to ordinary expenditures. If advances to Britain are ignored, it can readily be shown that the 1941-42 budget provides for the payment of about 78 per cent of total Federal disbursements from current revenue. Borrowings may therefore be confined to the \$600,000,000 loan now being offered, but this figure should be taken as the minimum for Government requirements in view of fresh day-to-day developments. While purchasers will be sought chiefly among the middle and lower income groups, institutional buying will not be overlooked. The man in the street has not forgotten that he will have a very stiff income tax bill to meet on March 31 (if he has not taken advantage of the Government's instalment plan) and some sales resistance may therefore be encountered. Income taxes are now payable by five times as many people as before the war and rates have been increased sharply, e.g., a married man with no children pays \$86 if he earns \$1,600 per annum or \$605 if he earns \$3,000.

FROM the banking point of view, the outlook for attracting the savings of the country to war loan bonds is favorable. At the close of 1941, total demand and time deposits exceeded by more than \$19,000,000 the total of \$2,800,000,000 on record last May 31 before the Victory Loan of last June resulted in net withdrawals of \$350,000,000. In other words, during the last half of the year the flow of money back into private hands as Victory Loan funds were paid out by the Government for war expenditures resulted in a net increase of over \$369,000,000. Compared with November 1940, deposits were up \$231,000,000. (The recovery was particularly rapid in the case of demand or commercial deposits and they reached an all-time record total of \$1,180,000,000 at the end of November).

All considered, the financial picture in Canada is a reasonably bright one and the new War Loan should be given a fair reception.

A CANADIAN CORRESPONDENT

THE NORTHERN TRUST COMPANY

CHICAGO



Statement of Condition

At the close of business, December 31, 1941

RESOURCES

Loans and Discounts.....	\$ 52,200,376.95
U. S. Government Securities.....	136,607,933.57
<i>(Including \$7,000,000.00 pledged to secure deposits of public monies, as required by law)</i>	
Other Bonds and Securities.....	107,669,321.22
<i>(Including \$500,000.00 deposited with State Authorities under Trust Act)</i>	
Federal Reserve Bank Stock.....	270,000.00
Bank Premises.....	1,400,000.00
Customers' Liability, Account Letters of Credit and Acceptances.....	450,775.32
Other Resources.....	506,676.80
Cash and Due from Banks.....	148,576,351.56
TOTAL.....	\$447,681,435.42

LIABILITIES

Capital Stock.....	\$ 3,000,000.00
Surplus Fund.....	6,000,000.00
Undivided Profits.....	5,278,745.05
Reserve for Taxes, Interest, etc.....	11,401,405.62
Dividend Payable January 2, 1942.....	135,000.00
Letters of Credit and Acceptances Outstanding..	503,453.07
Other Liabilities.....	100,838.31
Deposits:	
Demand.....	\$340,682,069.61
Time.....	80,579,923.76
	421,261,993.37
TOTAL.....	\$447,681,435.42

Member Federal Deposit Insurance Corporation

Housing a Nation at War

(CONTINUED FROM PAGE 31)

built in 1942 will probably not exceed 60 per cent of that for 1940. This means at best a production of between 400,000 to 500,000 units, or something in the neighborhood of the 1938 volume. The bulk of these will unquestionably be produced in defense areas.

Inasmuch as the priorities system definitely favors a low-priced house, the dollar volume of production may be expected to show a greater decline than the number of units. Non-farm residential building stood somewhere near \$3 billion in 1941. In 1942, the drop is likely to be as much as 50 per cent. From the lender's point of view the reduction will be much more drastic than this, since one-fourth or more of unit production may be done with government funds. Housebuilding, along with the rest of our economic activity is definitely on an emergency basis and will undoubtedly remain so until the present crisis is past.

SINCE the volume of mortgage lending is closely related to the volume of new construction, the lender finds himself in much the same plight as the builder. He has, therefore, much the same interest as the builder in maintaining activity. His responsibility, however, is greater than the builder's because he must help develop policies that not only will make housebuilding possible now but that will preserve it for a useful role in the defense aftermath. His present loans must be sound and he must keep in a position to provide the credits post-defense will require.

Present activity will be best maintained by keeping it in conformity so far as possible with defense needs. Not all defense loans can be good ones; but, in line with the findings of the last decade, loans in the under-\$6,000 class are apt to fare better in an unsettled period than those of higher amounts.

The maintenance of activity depends, too, on the success with which a program of conservation and substitution can be developed. The coming months will bring forward many ingenious suggestions to this end. Lenders who wish to continue business will not be able to stand on tradition, for tradition gets few priorities. They will have to be prepared to examine, pass judgment, and proceed in unaccustomed ways. This does not mean that they must accept a lower standard of housing, except perhaps in some minor respects.

To guard against the effects of a possibly

restricted market during the future readjustment period, it is essential that the houses offered as security for present lending be able to meet later competition successfully. The principles outlined in these articles, therefore, have a special significance under these conditions. Efficient methods of building, sound and well-balanced construction, attractively planned neighborhoods can all help to maintain today's housing in tomorrow's market.

The mortgage lender will recognize

how quickly a decline in activity destroys the housebuilding industry. Its organizations are broken up, its skills grow stale, and its labor is dispersed.

Mortgage lenders can aid measurably in preventing a post-war industrial disaster. This aid can be given by continuing to make loans where feasible, by assisting the introduction of building code revisions, of workable substitutes and reasonable simplifications, by favoring builder organizations that adopt the most efficient methods. And by so doing lenders will have helped preserve the advances of the last decade for the use that will be needed of them.

Guaranty Trust Company of New York

Fifth Ave. at 44th St. 140 Broadway Madison Ave. at 60th St.
LONDON VICHY PARIS BRUSSELS

Condensed Statement of Condition, December 31, 1941

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 883,795,875.57
U. S. Government Obligations	1,018,486,210.88
Public Securities	49,327,006.47
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities and Obligations	22,032,385.91
Loans and Bills Purchased	550,865,729.43
Credits Granted on Acceptances	5,473,967.43
Accrued Interest and Accounts Receivable	6,788,221.57
Real Estate Bonds and Mortgages	1,755,325.57
	<u>2,546,324,722.83</u>
Bank Buildings	10,930,820.19
Other Real Estate	1,332,155.47
Total Resources	<u>\$2,558,587,698.49</u>

LIABILITIES

Deposits	\$2,242,977,816.97
Checks Outstanding	16,917,584.52
	<u>\$2,259,895,401.49</u>
Acceptances	\$9,550,144.36
Less: Own Acceptances	
Held for Investment	4,076,176.93
	<u>5,473,967.43</u>
Liability as Endorser on Acceptances and	
Foreign Bills	94,097.00
Foreign Funds Borrowed	152,550.00
Dividend Payable January 2, 1942	2,700,000.00
Items in Transit with Foreign Branches and Net	
Difference in Balances Between Various Offices	
Due to Different Statement Dates of Some	
Foreign Branches	926,492.29
Miscellaneous Accounts Payable, Accrued Taxes, etc.	9,874,333.76
	<u>2,279,116,841.97</u>
Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	19,470,856.52
Total Capital Funds	<u>279,470,856.52</u>
Total Liabilities	<u>\$2,558,587,698.49</u>

Securities carried at \$16,504,385.75 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes. This Statement includes the resources and liabilities of the English and French Branches as of December 26, 1941, and Belgian Branch as of October 31, 1941.

Member Federal Deposit Insurance Corporation

Heard Along MAIN STREET

This material is compiled for BANKING by Albert Journey, who is in charge of the Purse Company's Chicago office.

IN THE Marion National Bank of Lebanon, Kentucky, is a rare combination of country banker, author and poet in the person of EDWIN CARLILE LITSEY, 67, assistant cashier.

With 10 novels and two volumes of poetry to his credit, this Washington County native takes an unusual place in the banking fraternity of the country. His books may be found in many libraries and the most recent of his novels, "Stones for Bread," was widely acclaimed.

He has been associated with the Marion National Bank for 50 years, starting as a runner. His first novel, "The Princess of Granfalon," was published in

1898. A volume of verse entitled "Spendthrift" was published in 1915. At present he is writing another novel with a central Kentucky setting.

★

ROBERT V. FLEMING, president and chairman of the Riggs National Bank, Washington, D. C., and former president of the American Bankers Association, has been elected to membership in the Federal Advisory Council of the Federal Reserve System, representing the Richmond district.

Mr. FLEMING takes the place filled last year by ROBERT M. HANES, president of the Wachovia Bank & Trust Company, Winston-Salem, North Carolina, who is also a former A.B.A. president.

★



Aviator A. L. Coapman, son of Wall G. Coapman, secretary of the Wisconsin Bankers Association. Lt. Coapman, after completing three years of college, took primary schooling at Pine Bluff, Arkansas, and from there went to Randolph Field, Texas, for his basic training. Upon graduation he was transferred to Kelly Field, near San Antonio, Texas, and thence to Gowen Field, Boise, Idaho. Lt. Coapman won his wings and his second lieutenantcy in a class of 250

★

ELSA FISHER, of the comptroller's department, The Chase National Bank of New York, has a spoon collection which she and her mother have gathered from every corner of the globe.

"It all started with my mother," says Miss FISHER. "Some years ago she made several trips to Europe and, in the course of her stay there, she became interested in collecting spoons—

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LA SALLE STREET AT WASHINGTON

Member Federal Deposit



Insurance Corporation

STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS DECEMBER 31, 1941

Resources

Cash and due from banks	\$39,786,988.11
United States Government obligations—direct and fully guaranteed	16,704,085.31
Municipal and other marketable securities	12,264,708.36
Loans and discounts	28,196,798.31
Federal Reserve Bank stock	108,000.00
Customers' liability on acceptances	20,479.37
Accrued interest receivable	151,452.31
Real estate owned	1.00
Other assets	18,042.20
	<u>\$97,250,554.97</u>

Liabilities

Capital stock—preferred	\$ 600,000.00
Capital stock—common	1,000,000.00
Surplus	2,000,000.00
Undivided profits	765,142.24
Preferred stock retirement fund	205,000.00
Reserve for taxes, interest, contingencies, etc.	909,263.01
Unearned discount	367,112.37
Liability on acceptances	20,479.37
Deposits:	
Demand	\$81,233,041.11
United States Government	3,760,843.75
Other public funds	34,251.97
Savings	6,325,421.15
Other time deposits	30,000.00
	<u>91,383,557.98</u>
	<u>\$97,250,554.97</u>

securing them in many of the larger cities of Europe as well as in the smaller hamlets of historical interest. Then when I went to Europe in 1937, I added to the collection, until now there are 98 items in all—of almost every color and description."



There are rare and beautiful spoons in Miss FISHER's collection—silver and gold ones—some with ornate handles and some plain. Usually, there is an etching of an historical spot or the seal of a city in the bowl. Her collection includes spoons from Spain, Geneva, Dresden, Venice, Salzburg, Berlin, Firenze, Lucerne, Munich, Innsbruck, and other European and American cities, and the World's Columbian Exposition of 1893, the Pan-American Exposition of 1901, the Chicago Fair, the Paris Exposition, and the New York World's Fair.

Miss FISHER also collects labels, of which she has a large assortment.

★

THE GENTLEMAN atop the giant elephant is WILLIAM H. JUDD, president, New Britain (Connecticut) National



Bank. Mr. JUDD was born with a "Toby Tyler" complex, has never outgrown

it and hopes he never will. He is probably the nation's most ardent adult circus fan and in 1940-41 was president of the Circus Fans of America.

Unlike G. WYLIE OVERLY, cashier, Mt. Pleasant (Pennsylvania) State Bank (BANKING, September 1941), Mr. JUDD is not a circus performer. His pleasure comes from being present when, in the early dawn, the circus unloads; from his friendship with hundreds of circus people; and from watching the shows. He has taken thousands of feet of colored moving pictures of circus life and these he shows in connection with his frequent lectures on the circus.

HARRY BLAIR, 19-year-old draft cage teller of the State Bank of La Crosse, Wisconsin, has, since he was 12 years old, been busily accumulating an outstanding collection of autographs.

His collection, which includes some 3,000 autographed pictures of celebrities, started from a boyhood interest in aeronautics. The nucleus of the collection was autographed pictures of persons famous in the air industry and includes practically all of the executives of the large aircraft industries. Especially prized are signatures of Orville Wright, Jack Knight, first pilot to fly the air mail, and Admiral Byrd.

SOUND REASONS *why* FEDERAL INTERMEDIATE CREDIT BANK DEBENTURES *are Desirable* *Investments*

- These consolidated debentures, issued in maturities of from 3 to 12 months, are the joint and several obligations of the 12 Federal intermediate credit banks.
- Maturities up to 6 months are eligible for purchase by the Federal reserve banks and are acceptable as collateral for 15-day loans to member banks.
- Consolidated debentures are legal investments for trust funds, savings banks and insurance companies in various States, including New York.
- They are eligible as security for all fiduciary, trust and public funds held under the authority or control of the Federal Government and are approved as security for the deposit of postal savings funds.

THE FEDERAL INTERMEDIATE CREDIT BANKS

SPRINGFIELD, MASS.	LOUISVILLE, KY.	ST. PAUL, MINN.	HOUSTON, TEX.
BALTIMORE, MD.	NEW ORLEANS, LA.	OMAHA, NEB.	BERKELEY, CAL.
COLUMBIA, S. C.	ST. LOUIS, MO.	WICHITA, KAN.	SPOKANE, WASH.

These debentures are offered through recognized security dealers and dealer banks. Further information may be obtained from

CHARLES R. DUNN, *Fiscal Agent* 31 Nassau Street, New York, N. Y.

Subsequently, the hobby was expanded to other fields and now includes



presidents of South American countries, Canadian dignitaries, movie stars, and prominent Americans.

The art of collecting autographs is based on the ability to write good letters. The letters of this young collector are the result of studied effort.

★

DUDLEY L. PARSONS, manager of the publicity department, New York Trust Company, is chairman of the space solicitation committee for Greater New York on behalf of the Red Cross war fund. The committee's objective is to enlist the cooperation of newspaper advertisers in donating advertising space for the drive which will be completed late in February. Newspaper representatives and advertising agencies

are also being asked to contribute time and effort toward achieving the goal set. Mr. PARSONS is giving full time to this assignment.

★

PRESTON E. REED, executive vice-president of the Financial Advertisers Association, has had a most interesting career, and one which admirably fits him for his present duties. His unusual versatility has been reflected in his work, and in his pastimes.

For several years after his graduation from Albion College he was a featured artist on the Chautauqua Circuits in the Summer and the Lyceum Circuit in the Winter.

Following this experience he returned to school and took graduate work at the University of Chicago. Then came a career of teaching in high schools, normal schools, and colleges. Again his versatility was emphasized for he taught such varied studies as printing, literature, debating, drama, scientific management, and journalism. At length he became dean of the Central College of Commerce in Chicago.



His next position was secretary of the Chicago Advertising Club. From this post he stepped into the secretaryship of the FAA and for 17 years has done outstanding work in building and guiding this important organization.

Versatility also marks Mr. REED's extracurricular activities. He is a good shot and loves to hunt and fish. He is an amateur photographer of note, and by means of his music enlivens many an hour for himself and his many friends.

★

UNDER the leadership of The Pilgrimage Garden Club of Natchez, Mississippi, this picturesque city has become a national shrine, visited annually by increasing numbers of people.

One of Natchez's distinctions today is its splendid houses of colonial and ante-bellum periods—the mansions of the families which had made it the queen city of cultural and social life in the South.

CITIZENS NATIONAL TRUST & SAVINGS BANK OF LOS ANGELES

Established 1890

Condensed Statement of Condition at
Close of Business December 31, 1941

RESOURCES

Cash and Due from Banks	\$ 49,452,470.94
United States Obligations, Direct or Fully Guaranteed	49,882,281.89
State, County, and Municipal Bonds	1,199,204.66
Other Bonds	645,984.72
Loans and Discounts	52,639,079.48
Federal Reserve Bank Stock	249,150.00
Stock in Commercial Fireproof Building Co.—Head Office Building	348,500.00
Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches)	856,363.62
Other Real Estate Owned	1,917,415.50
Customers' Liability under Letters of Credit and Acceptances	264,213.72
Earned Interest Receivable	289,041.37
Other Resources	79,586.31
TOTAL	\$157,823,292.21

LIABILITIES

Capital Stock	\$5,000,000.00
Surplus	3,305,000.00
Undivided Profits	1,150,000.00
Reserves for Interest, Taxes, Dividends, Contingencies, Etc.	1,124,987.20
Discount Collected—Unearned	74,486.85
Letters of Credit & Liability as Acceptor or Endorser on Acceptances & Foreign Bills	292,391.62
Other Liabilities	35,199.97
Deposits	146,841,226.57
TOTAL	\$157,823,292.21

Head Office: Spring Street at Fifth, Los Angeles

Branches Throughout Los Angeles

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORP.

Each year during Pilgrimage Week these houses are thrown open to visitors from all over the nation. One of the most beautiful of these is The Elms, now the home of JOSEPH B. KELLOGG, vice-president of the City Bank & Trust Company. Erected about 1783, it has



Miss Alma Kellogg, daughter of Mr. and Mrs. Joseph B. Kellogg, seated at a spinning wheel at the entrance of The Elms

been in the possession of the KELLOGG family for about four generations.

This is one of the homes that will be open during the coming pilgrimage which will be held March 1-31.

★

SHOWN below is MARY ANN LINTON of the new business department,



Wells Fargo Bank & Union Trust Company, San Francisco, holding the trophy awarded her for winning the speaking contest at the Pacific Advertising Clubs convention. Miss LINTON spoke on "How Advertising Protects the American System of Free Enterprise."

★

A. KEY FOSTER, vice-president of the Birmingham (Alabama) Trust & Savings Company, will direct Kiwanis activities in his state during 1942.

Mr. FOSTER was born at Cuthbert, Georgia, but soon his parents moved to Troy, Alabama. He attended Alabama public schools, and received an A.B. degree at the University of Alabama in 1916. During World War I he served in the Air Corps as a lieutenant.

After graduating from the Harvard Law School in 1920, Mr. FOSTER practiced law in Birmingham for five years. He became associated with the Birmingham Trust & Savings Company as manager of its real estate department, in 1925.

In 1927 Mr. FOSTER was promoted to an assistant trust officership, subsequently being placed in charge of the bank's new business and public relations department. His promotion to the vice-presidency occurred January 1, 1941.



CORRESPONDENT SERVICE IN CANADA

PROMPT, efficient correspondent service in every part of the Dominion is available to American banks through The Royal Bank of Canada. Over 600 branches, strategically placed in every province and important industrial centre, provide a convenient avenue through which to conduct banking business north of the border.

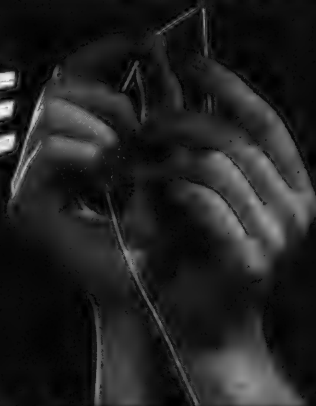
*Inquiries invited through our
Business Development Department
New York Agency—68 William Street*

THE ROYAL BANK OF CANADA

Assets exceed \$1,000,000,000

Head Office—Montreal

ACCURATE



FULTON CORRESPONDENT SERVICE



FULTON NATIONAL ATLANTA *Bank* GEORGIA

War Brings Personnel Problems

(CONTINUED FROM PAGE 32)

number of hours. "Why do you work for that stingy bank? Come down where I work and make good money." Sheer competition is compelling banks not only to pay the given rates but to consider the advisability of adopting the time-and-a-half rate for overtime payment.

Far-sighted officers of a progressive big-city bank are now considering the advisability of lengthening the standard work-week from 38 hours to 42 or 44

hours. This would be an important contribution to the defense effort. In lengthening the work-week it may be advisable also to adopt time-and-a-half for overtime payment. In Summer it is customary in this bank to employ many temporary people as vacation substitutes. A longer work-week will make this unnecessary and at the same time banks will not absorb the clerical help needed by the defense industries and government agencies.

Another minor way of increasing employee satisfaction, especially if the time-and-a-half method is adopted for overtime payment, is to see that the time records of individual employees are kept with scrupulous accuracy. In many banks it is customary to have "standard" times for starting and stopping work and a standard lunch hour. Time records, which are usually kept by hand, are entered in a perfunctory manner to conform with these standards, whereas in fact many clerks come early, stay late and shorten the lunch hour when the work is heavy without getting credit for the time actually worked. This is an undesirable practice under any conditions and while not serious under the half-time pay plan, it becomes so when each overtime hour is paid for at time-and-a-half. If the latter policy is adopted banks will do well to see that time records are accurately kept and thus avoid the creation of employee grievances.

It has been customary in banking for a few officers to make all the decisions. Among the weaknesses of this plan is the tendency to "starve" the minor supervisors, who are not expected or permitted to exercise much authority. This practice, long continued, weakens these men and makes them poor supervisors and in consequence their employees are sometimes given cause for grievance. Under the increased pressure of today the need is for better, not poorer, supervision. The lack of attention to supervisory training in banks is in strong contrast to the close attention given to it in defense industries.

Another phase of poor supervision which is a frequent cause of employee dissatisfaction is the practice, followed by most banks, of having no set policies on matters of personal concern to employees. "Every case is decided on its merits" is the plausible reply to any inquiry as to what decision is likely to be made in given types of situations. In some cases, this is the result of the attitude of a chief executive who wishes to hold the power in his own hands and one who perhaps enjoys the feeling of self-esteem that goes with the privilege of distributing largesse to his inferiors. In other cases, it is simply a stingy penny attitude of a management that will not risk a single cent of expense that can be avoided. Whatever the reason for not having them, banks that have adopted definite employee policies have discovered that employees like to know where they stand and that much is to be gained by letting them know. In The Pennsylvania Company policies on



FOUNDED 1894
46 Convenient Banking Offices

CONDENSED STATEMENT OF CONDITION, DECEMBER 31, 1941

ASSETS		
Cash on Hand and in Banks		\$168,855,826.37
United States Government obligations, direct and guaranteed		174,091,824.53
State, Municipal and Other Bonds and Investments, including Stock in Federal Reserve Bank, less Reserves		13,510,594.17
Loans, Discounts and Advances, less Reserves		165,794,564.70
Banking Premises, less Reserves		5,580,473.50
Other Real Estate (including investments and other assets indirectly representing other real estate) less Reserves		3,145,600.07
Other Resources, less Reserves		1,242,982.35
Customers' Liability on Acceptances Executed by this Bank		113,446.50
Customers' Liability on Loan Commitments		2,445,000.00
Total		\$534,780,312.19
LIABILITIES		
Capital Notes	\$11,800,000.00	
(Subordinated to Deposits and Other Liabilities)		
Capital Stock	13,800,000.00	
Surplus and Undivided Profits	7,699,161.86	
Reserve for Contingencies	1,112,026.63	
Reserve for Interest on Capital Notes to Feb. 1, 1942	178,454.79	34,589,643.28
DEPOSITS		
Demand	\$276,521,474.21	
Time	194,785,907.04	
Estates Trust Department (Preferred)	17,527,965.30	
Corporate Trust Department (Preferred)	2,474,539.35	491,309,885.90
Accrued Taxes, Interest, etc.		1,415,087.42
Other Liabilities		4,907,249.09
Acceptances Executed for Customers		113,446.50
Loan Commitments Outstanding		2,445,000.00
Total		\$534,780,312.19

United States Government Obligations carried at \$19,002,877.65 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

MEMBER FEDERAL RESERVE SYSTEM
Member Federal Deposit Insurance Corporation

"Getting Ahead"

One of the most cherished ambitions of every human being is the desire to "get ahead." Too often it is the custom in banks to fill vacancies by new employment, giving little thought to the desirability of promoting some qualified employee. This is sometimes because the abilities of employees are not known at any central point. Sometimes it is because promotions involve two, three, four or even five successive advancements with resulting multiplication of the problem of "breaking in." Perhaps in most cases it is sheer laziness of management. Whatever the reason for it the practice is bad for employee morale. Banks that have carefully followed the plan of promoting to fill vacancies whenever possible know how stimulating it is to employee spirit. It is a policy, however, that requires better personnel management than usually prevails.

these matters are reduced to writing and distributed to all officers and supervisors. They include policies on salaries, vacations, military service, jury duty, sick absence, etc. In the case of many policies further publicity is given by publishing them in the employee magazine.

An employee paper is one of the ways of building goodwill that many banks have used. In many banks the paper is edited by employees who are assisted by a staff of reporters made up of employees in the various departments who gather personal news.

Employee lunch rooms that have in many cases been a headache for management are, when well run, a valuable cause of improved morale. This is particularly true when the meal is served without charge, as it is in some banks. A pleasant recreation room is another goodwill builder that helps.

Employment has become the most difficult problem of the present time. It is but a few months since there were hundreds of applicants for every job. It was easy to hire college men and women for routine jobs and many banks made the mistake of doing it. Now it has become difficult to find qualified and acceptable clerical workers of any kind. Beginners, just out of high school, are simply not to be had except at graduation time. Most of the best of those who will graduate this Winter have already accepted positions and many have obtained permission to leave school early to take jobs.

Many plans have been devised to meet this situation. It has been the custom for many years of some banks to hire many high school boys and girls at graduation time and put them on as pages and messengers, absorbing them into the operating departments gradually in the ensuing months. The increase in starting rates of pay and the greater competition for these young people has decreased the effectiveness of the practice. A similar idea is being followed by some banks that hire qualified workers of almost any kind whenever they are available. The number and kind of vacancies that have been filled

in preceding months makes it possible to forecast requirements with considerable accuracy. Carrying a few extra stenographers or clerks for a short time is economical, many banks believe.

Banks that have had employment restrictions of a religious nature have found it possible to modify them. Employing clerks from competitor banks is avoided in some cities. The unnecessary demoralization that could result from such a practice is apparent. A practice only slightly less objectionable is that of employing experienced clerks for evening work, after they have put in a full day in another bank. The objection is

CONDENSED STATEMENT FIRST NATIONAL BANK IN ST. LOUIS

At the Close of Business, December 31, 1941

RESOURCES

Loans and Discounts	\$ 81,768,771.84
U. S. Government Securities	76,068,042.26
Other Securities Guaranteed by U. S. Government	27,632,578.59
Other Bonds and Stocks	8,965,909.89
Stock in Federal Reserve Bank	441,000.00
Banking House, Improvements, Furniture and Fixtures	476,298.24
Other Real Estate Owned	1,640,272.11
Customers' Liability a/c Letters of Credit, Acceptances, etc.	702,052.28
Accrued Interest Receivable	552,835.48
Overdrafts	11,218.62
Other Resources	5,568.77
Cash and Due from Banks	143,870,756.11
	\$342,135,304.19

LIABILITIES

Capital—Common	\$ 10,200,000.00
Surplus and Profits	9,795,982.85
Dividend Declared, Payable February 28, 1942	240,000.00
Reserve for Taxes, Interest, etc.	233,872.86
Unearned Discount	233,305.93
Liability a/c Letters of Credit, Acceptances, etc.	725,983.81
Other Liabilities	1,511.11
Individual Deposits	\$162,660,444.65
Savings Deposits	31,526,046.84
Bank Deposits	118,647,127.56
Government Deposits	156,209.67
City of St. Louis and Other Public Funds	7,714,818.91
Total Deposits	320,704,647.63
	\$342,135,304.19

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Why it pays you to standardize on the Sengbusch *handi-pen*

... for all your desks, "inside" or public

New tip-in-ink feature — pen writes instantly, smoothly. Uniform pen-inking — no flooding, no inky fingers. Less refilling — holds up to a year's supply of ink without evaporation waste. Customers, employees, executives appreciate this new ease and convenience in writing . . . Order now from your stationer — or write for 10-day trial offer to banks.

COUPON—TEAR OUT AND MAIL TODAY

SENGBUSCH SELF-CLOSING INKSTAND CO.
2B Sengbusch Bldg., Milwaukee, Wis.
Please ship . . . HP-6 Handi-pen sets for 10-day free trial, with no obligation to me.

Name

Address

City State



No. HP-6 • \$3.00

not to permitting long hours of work, because any healthy person can do that. Working in two banks is not desirable for either bank for obvious reasons. Furthermore, if the extra hours are to be permitted why not have your own regular clerks make the extra money? They are right on hand and they already know the work. However, it would be well to see that compensation

is satisfactory. The half-time extra pay for overtime is an inadequate basis for requiring any great amount of extra work from your employees. A clerk from another bank would not accept such low pay. The problem would be solved by adopting the time-and-a-half method for paying for overtime.

Many banks are using women in jobs formerly filled by men, and with generally good results. The average woman is quicker at routine clerical tasks than men, a new discovery for most banks, but known to psychologists for a long time. It is probably better to have women in repetitive jobs that offer little promotion possibilities. The natural turnover due mainly to marriage makes it a more tolerable situation for them than for men.

Middle-aged workers are still plentiful and if wise choice is made, this group will fill many gaps caused by younger men leaving for Army service. Our bank recently advertised for clerks 35 to 45 years of age and received 330 replies to a small advertisement which appeared only once. More suitable applicants were found in the group than could well be used.

OUR bank has adopted the rule that military service benefits will not be available to men employed to replace other men taken into military service. This policy must be carefully handled if good men are to be attracted and if a subsequent grievance is to be avoided.

Psychological tests are a great help in choosing the right ones from such a group. The bank in question interviewed more than 200 of those who answered the advertisement, and tested 56. Over 20 of these were found suitable for one of four vacant positions. This method is wasteful in a sense and certainly laborious but it got results when nothing else did. It has another disadvantage in that only a person of considerable skill and experience in interpreting test scores can be successful with them. Otherwise more harm than good is likely to result. Unfortunately many people think that it is only necessary to buy a few "good tests" and hire the people who make high scores. They soon learn that it is not so simple. The trouble is not that the "tools" are no good but that the workman doesn't know how to use them. It is not easy to learn but some people have done so.

Training new clerks or those who are promoted presents problems, particularly if the trainees are found to be "slow learners." Here is another place where the skillful use of psychological tests can be a great help in selecting.

THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

Service—Maintaining an intimate, personalized correspondent bank service.

Experience—Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

Policy—To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.



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336 S. CLARK STREET • CHICAGO, ILL.

Serving the Business that Builds Baltimore

SINCE 1894



MARYLAND TRUST COMPANY BALTIMORE

Member of the Federal Reserve
System and of the Federal Deposit
Insurance Corporation

Income Tax Pointers

J. BLAKE LOWE and JOHN D. WRIGHT

The authors are tax consultants with offices in Baltimore, Maryland.

FEDERAL revenue requirements for 1942 will reach unprecedented and fantastic figures. Tax experts in Washington must, of necessity, seek new sources of revenue. It is already apparent that a mere rise in rates of existing individual and corporate schedules will not provide the funds anticipated. It is equally obvious that too drastic an increase of these rates, superimposed upon last year's tax program, may kill the proverbial goose or, at best, severely wound him.

At present no one can forecast with any degree of accuracy the form new tax legislation may take. An increase in existing rates, a supplemental income tax collected at source, a limited or over-all Federal sales tax and broader and higher excise taxes are all under consideration. The taxpayer has only one assurance. He must be prepared to pay, either directly, indirectly, or both, higher taxes for the current year.

Owing to the increasing complexity and rapidly changing nature of our tax laws, many questions are raised each year at the time of filing income tax returns in March. Some of the more common questions and their respective answers are given briefly below.

Can husband and wife file either a joint return or separate returns?

YES. Although mandatory joint returns for husband and wife were strongly urged during the congressional hearings last year on the 1941 Revenue Act, the proposal was defeated. On March 15 a husband and wife may file either a joint return or separate returns.

When is it advantageous to file a joint return?

WHEN ONE spouse has deductions in excess of his or her income, such as taxes, interest on non-income producing property, fire or theft losses—if there is no offsetting income, a joint return is indicated. This permits the husband, for instance, to take advantage of his wife's deductions which would otherwise be lost. There is an advantage in filing separate returns in practically all other cases.

If separate returns are filed, how is the personal exemption of \$1,500 divided?

WHEN THE 1040 returns are used, the personal exemption may be taken by either spouse or divided in any proportion between them. If either or both spouses use the new 1040A return (for incomes of \$3,000 or less), each must take one-half of the \$1,500 exemption.

What "Earned Income Credit" may be taken?

(a) WHEN NET earned income and

net income each exceed \$14,000, the earned income credit is \$1,400.

(b) WHEN NET earned income and net income are less than \$14,000 and more than \$3,000, the earned income credit is 10 per cent of the smaller amount.

(c) WHEN NET earned income is less than \$3,000 and net income is more than \$3,000, the earned income credit is \$300.

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York

Condensed Statement of Condition as of December 31, 1941 (In Dollars)

INCLUDING DOMESTIC AND FOREIGN BRANCHES

ASSETS	
Cash and Due from Banks and Bankers	\$ 985,161,064
United States Government Obligations (Direct or Fully Guaranteed)	1,137,543,527
Obligations of Other Federal Agencies	45,756,272
State and Municipal Securities	164,997,544
Other Securities	66,145,598
Loans, Discounts and Bankers' Acceptances	618,810,573
Real Estate Loans and Securities	6,320,682
Customers' Liability for Acceptances	6,376,694
Stock in Federal Reserve Bank	4,290,000
Ownership of International Banking Corporation	7,000,000
Bank Premises	39,522,843
Other Real Estate	1,607
Other Assets	934,178
Total	\$3,082,860,582
LIABILITIES	
Deposits	\$2,878,821,222
Liability on Acceptances and Bills	\$13,092,737
Less: Own Acceptances in Portfolio	4,495,723
Items in Transit with Branches	8,131,542
Reserves for:	
Unearned Discount and Other Unearned Income	3,843,790
Interest, Taxes, Other Accrued Expenses, etc.	7,475,921
Dividend	3,100,000
Capital	\$77,500,000
Surplus	77,500,000
Undivided Profits	17,891,093
Total	\$3,082,860,582

Figures of Foreign Branches are as of December 23, 1941, except Hong Kong, Shanghai, Tientsin, Peiping, Tokyo and Rangoon, which are as of November 25, 1941. \$190,851,507 of United States Government Obligations and \$13,222,360 of other assets are deposited to secure \$176,658,678 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

(d) WHEN NET income is less than \$3,000, the earned income credit is 10 per cent of net income.

What are capital gains and losses?

WHEN ASSETS (such as land, stocks or bonds) are sold or exchanged, a loss or gain on the transaction is recognized as a capital loss or gain. Although the gain on the sale of an asset is taxable, the loss is not always deductible.

What capital gain or loss must be taken in short-term transactions?

NET GAINS are reportable in full. Net

losses, on the other hand, are not deductible from other income. Short-term losses are used first to offset short-term gains, and a net short-term loss may be carried over to the next year and applied to subsequent short-term gains, if any, at that time.

What is the difference between short-term and long-term gains and losses?

THE TIME the asset has been held by the taxpayer is the determining factor. Capital assets, such as securities, which are sold or exchanged within 18 months from the date of purchase or acquisition

are considered short-term transactions; assets held in excess of that time are recognized as long-term transactions.

The short and long-term classification is important taxwise. In addition to the per cent of taxable gain or deductible loss, short-term transactions cannot be offset by long-term transactions, or vice versa.

Can gifts be used to minimize the income tax?

YES. The transfer of assets to another by outright gifts or by properly drawn irrevocable trusts will reduce the taxes payable under the present law. In such instances, the income from the assets transferred is taxable to the beneficiaries such as a wife or children, instead of to the donor. Since each taxpayer has a separate exemption, and also since surtax rates rise rapidly with the increase of income, a gift of income-producing assets to others usually results in substantial savings. It should be remembered, however, that the possibility of a mandatory joint return by husband and wife is still a very definite possibility, in which event a gift from husband to wife may not produce the desired result income-taxwise.

Should income taxes be considered in drafting a will or trust agreement?

YES. Income which is distributed to the beneficiary in a current year is taxable to the beneficiary. Income, on the other hand, which is accumulated by the trustee is taxable to the trustee. If income is taxed to the trustee, it is not subsequently taxed as income when distributed to the beneficiary. By the division of income to more than one beneficiary under a will or trust, or by the accumulation of income by the trustee, the total income from a trust under a will or an irrevocable living trust is broken down in two or more income tax brackets instead of being taxed in one high bracket.

How much income is subject to surtax?

THE FIRST dollar of taxable income after the personal exemption and credit for dependents have been deducted is subject to surtax. Prior to the 1941 law the surtax did not begin until taxable income was in excess of \$4,000.

In calculating the income tax, how much can be deducted for contributions?

THE AMOUNT actually contributed, provided it is not in excess of 15 per cent of the net income before considering

AMERICAN TRUST COMPANY

Banking Since 1854



MANY BANKING OFFICES

SERVING NORTHERN CALIFORNIA

HEAD OFFICE: SAN FRANCISCO

Statement of Condition

AT THE CLOSE OF BUSINESS DECEMBER 31, 1941

Resources

Cash on Hand and in Banks	\$ 99,250,055.32
U. S. Government Bonds and Notes	56,847,367.91
State, County and Municipal Bonds	37,691,287.08
Other Bonds and Securities	18,347,254.81
Stock in Federal Reserve Bank	570,000.00
Loans and Discounts	172,107,576.92
Bank Premises and Equipment	6,188,100.79
Other Real Estate	89,209.32
Customers' Liability under Letters of Credit and Acceptances	6,895,832.12
Accrued Interest Receivable and Other Assets	1,321,308.55
Total Resources	\$399,307,992.82

Liabilities

Deposits	\$365,717,758.19
Letters of Credit and Acceptances	7,512,673.17
Reserve for Interest, Taxes, etc.	1,095,987.29
Capital Stock	
Preferred	\$7,500,000.00
Held by more than 2000 stockholders	
Common	\$7,500,000.00
Held by more than 4000 stockholders	
Surplus	15,000,000.00
Undivided Profits	4,000,000.00
	5,981,574.17
Total Liabilities	\$399,307,992.82

Securities carried at \$28,115,935.61 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

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MORE LIGHT for banks . . . with GRENADIERS



First Wisconsin National Bank, Milwaukee

HOW to have enough light in bank cages for fast, accurate seeing has always been a tough problem in banks with high ceilings. See how the new Wakefield plastic GRENADIERS lick this problem; help speed seeing, reduce eyestrain with 50-foot candles of soft, pleasing fluorescent light.

Checked and certified by famous Electrical Testing Laboratories, this unit meets 50 essential specifications for good light, balanced performance, trouble-free operation.

Write for details

THE WAKEFIELD BRASS CO.
F.W. 111 BANK PARK • VERMILION, OHIO

February 1942

the deduction for contributions. The taxpayer, however, should be in a position to substantiate such payments, if requested, by means of canceled checks, receipts, etc. Contributions to religious, educational or philanthropic organizations, churches, community funds, the Red Cross or United Service Organizations are examples of allowable deductions.

What may be deducted in connection with real estate which is rented for a profit?

SUCH EXPENSES as taxes, mortgage interest, insurance commissions of a rental agent, advertising, maintenance, repairs, and depreciation are deductible in connection with income producing real estate. Where part of a residence is rented for profit, the same deductions are allowable, but only in proportion to the extent of the house which is income-producing. Similarly, a professional man, such as a doctor, who has his office in his home may take as a business expense the upkeep on the part so occupied.

How and when may bad debts be deducted?

DEBTS MUST be ascertained uncollectible to be deducted. The loss must be claimed in the year in which it is established as uncollectible.

What long-term capital gains or losses may be taken?

TWO-THIRDS of a gain or loss is subject to tax or deduction if the assets are held in excess of 18 months but not in excess of 24 months; and 50 per cent if held longer than 24 months.

Are life insurance premiums deductible for income tax purposes?

PERSONAL INSURANCE premiums are not deductible except where the policies are irrevocably payable to charity. In this case the deductible premiums plus other charitable contributions may not exceed 15 per cent of net income.

Corporation insurance premiums are not deductible with the one exception of group insurance, which is recognized as an ordinary business expense.

Are outright gifts subject to income tax?

Outright gifts are not taxable as income to the recipient (donee). The subsequent income from a gift, however, is taxable to the donee.

Better Light for More Efficiency for Quicker Victory!



Guth FLUORESCENT LIGHTING

Increases Office Efficiency 15%!

The picture above shows a typical Guth Fluorescent Installation in a typical American office (name on request). Of their new lighting, the company's president says, "Efficiency of office workers has increased 15%; and we are now receiving applications for work from the very best help in town, the strongest attraction being the comfortable working conditions."

In these days of extra stress, every factor that contributes to greater efficiency and morale is highly important. Write for information about the use of GUTH Fluorescent in your business. Our experience in serving the cause of defense is highly valuable to you!



GUTH EXCELUX, typical of the engineered superiority and artistic design of all GUTH Fluorescent Fixtures.



YOUR EMPLOYEES NEED PROTECTION

against the "blitz" of open doors



PUBLIC NATIONAL BANK
and Trust Co. (New York)
safeguards employees' health and customers' comfort with this draft-proof Revolving Door. Extra security is provided by night-locking curved doors which roll out of sight during the day.



★ When chilly blasts blow into your bank—what happens? Your employees shiver and shudder. They suffer from frequent colds. Even if they don't stay home from work, sneezing, sniffing employees can't render the efficient service your customers expect.

Safeguard your employees' health and efficiency. Install Revolving Doors. They'll shut out winter's icy blasts—assure even, comfortable heating—and cut your fuel bill as much as 25%.

Find out how other modern banks are profiting from Revolving Doors. Write today for a free data folder containing catalog and pictures.



5 Ways a Revolving Door Pays for Itself—

- 1—Cuts heating and cooling costs.
- 2—Increases usable floor space.
- 3—Reduces damage from dust.
- 4—Assures customers' comfort.
- 5—Safeguards employees' health.

Revolving Door

★INTERNATIONAL
★VAN KANNEL
★ATCHISON

DIVISION of
INTERNATIONAL
STEEL COMPANY

Evansville, Ind.

All-Out Credit Strategy

(CONTINUED FROM PAGE 23)

credit for its own account, it should assist the manufacturer in making his arrangements with the RFC. It is preferable for banks to make and service the loans rather than for the RFC to have to extend its facilities to make them, even where all or a part of the loan is for the account of the RFC. In rendering this service banks will be helping in the war program, and they should, of course, take a substantial participation in the loans where possible."

Will the war put an end to RFC non-defense loans to business? Though no formal ban on these loans is contemplated at the present writing, the conversion of the country to a total war economy obviously will cause a drastic reduction in this type of borrowing. For American industry will have difficulty, because of priorities, in getting materials for new non-defense enterprises. The railroads, once large borrowers, are no longer seeking money from the RFC. This is another indication of the recent improvement in the financial position of the rail carriers.

To facilitate the expansion of defense production facilities, the RFC in August 1940 created the Defense Plant Corporation. With the exception of the War and Navy Departments, which use direct appropriations, the Defense Plant Corporation is the only Federal agency that finances and constructs war factories. By the end of 1941, the corporation had contracted for more than \$2,500,000,000 worth of new facilities for war production.

THE corporation does not lend money directly to the manufacturer. Instead, it builds the plant, and leases it to the contractor, usually with an option for purchase. During 1942 and 1943, the corporation is expected to finance the construction of additional plants and equipment costing between \$1,000,000,000 and \$2,000,000,000. Through its operations, the risks involved in the construction of factories for producing war materials becomes a national hazard, borne by the country as a whole.

The Export-Import Bank is also headed for an important role in war credit activities. Latin America today is dependent on the United States for many of its essential materials. With the cooperation of private institutions, the Export-Import Bank is providing credit to finance shipments to Latin American countries. Through the bank, the Government is thus using credit to implement its international program.

In view of their higher earnings, farmers should be able to obtain from private banks in 1942 an even larger proportion of their credit requirements than in recent years. Through the Farm Credit Administration, the Commodity Credit Corporation, and other agencies, the Federal Government will continue to make credit available to agricultural producers to assure the output of foodstuffs required by the war program.

As the country shifts to a total war economy, national income, under the stimulus of defense spending, will reach an all-time peak. Hundreds of towns and cities, selected as the arsenals of democracy, will double or triple in size. Business must keep pace with the population growth. By providing credit to business men in these defense areas, banks can thus make an important contribution to the victory program.

Where private capital is unavailable for war financing the Federal Government, through its lending agencies, will see to it that American industry obtains the funds needed to achieve the production goals set by the President.

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As cities grow— mortgage values change

The coming of a new highway—the migration of business toward the outskirts—such events cause blighted areas. Homes that were once excellent mortgage values, lose their desirability as residences. Stores and gas stations come into the same block. If these same substantial homes could be moved to other locations, their mortgage values would not be impaired. In the new location, land values would increase—and the profit of this increase would pay for the moving of the residence. The mortgage would not be affected—the home-owner would not be in danger of loss of equity.

Demountable homes provide the answer to this type of problem. By prefabrication, homes can be made demountable—with no sacrifice in design, quality or insulating value. \$6,000,000 of architect-designed private homes—and thousands of units of defense housing

—prove that Homasote Precision-Built Construction is the acknowledged leader in the field of prefabrication. Homasote Homes are permanent, quality homes—machine perfect, doubly insulated—demountable, if required. They may be of any type or size.

In Vallejo, California, 977 houses were built in 73 working days. Here is the proof that prefabrication has come of age. Here is the tested answer to employee housing, large-scale realty developments, tourist camps, slum clearance and similar projects.

Trends and times are changing. When the present emergency is over, 67 fabricating plants throughout the country will supply Homasote Homes—representing the utmost in value for the building dollar. Write us for full information on a new industry that is just now coming of age. HOMASOTE COMPANY, Trenton, N. J.



HOMASOTE COMPANY . . . TRENTON, N. J.

Progressive Country Bank in Tekamah, Nebraska Keeps Up-to-Date by Installing MONROE ADDING-LISTING & BOOKKEEPING MACHINES



Monroe Bookkeeping Machines at work in the First National Bank, Tekamah, Nebraska.

Satisfactory use of Monroe Proof Machine caused replacement of all other machines with Monroes—Here is the Testimony

REQUIREMENTS OF INSTALLATION

"A few years ago needing new bookkeeping equipment we investigated all standard bookkeeping machines."

"We wanted a machine easy to operate."

"We wanted a machine that could readily be moved from place to place."

"We wanted a machine adaptable to different types of work without effort."

"We checked with a neighboring bank that had installed a Monroe Bookkeeping machine. Bank officers and operators stated Monroe was most satisfactory of all makes in their bank."

RESULTS OF INSTALLATION

"Operators are very well satisfied."

"Machines do excellent work."

"Machines are adaptable to different types of work."

"Service rendered on machines is excellent."

"Machines can readily be moved from place to place, and are sturdily and substantially built."

"We have used Monroes long enough to know they will render us satisfactory service for years to come."

"This bank now has nothing but Monroe machines, a move we never have regretted and we are completely satisfied."

Many banks both large and small in communities throughout the country have had similar experiences to this modern Nebraska bank with their installations of Monroe Adding-Listing and Bookkeeping machines. During the emergency Monroe offices in all principal cities are prepared to render service to increase and prolong the use of Monroe equipment.

MONROE CALCULATING MACHINE COMPANY, INC., ORANGE, NEW JERSEY
Reasonable, prompt and efficient service available from all principal cities

★ ORGANIZATION ★

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LOANS TO SMALL BUSINESS—MID-WINTER TRUST CONFERENCE—REAL ESTATE CLINICS—SAVINGS COSTS SURVEY

Who is the partner of Sabotage?



It's *Carelessness* . . . It slows up war work . . . Let's *stop* it!

IN TWELVE MONTHS, industrial accidents cost America a billion and a half man-hours—enough time to build 45 battleships or 195,000 light tanks or 15,000 heavy bombers!

Far too much of this staggering loss was due to one cause: *carelessness*. Unless every possible precaution is taken, this loss will undoubtedly be repeated—even *increased*—under war-time pressure.

If you are an employer, do everything humanly possible to eliminate hazards. If you are an employee,

obey all safety regulations. Whoever you are, wherever you are—*be careful!* Time lost now is vital to America!

A Hartford agent, or your own insurance broker, can furnish you with expert advice on fire and accident prevention. He will also check the risks to which you are exposed, risks of large financial losses that can be covered under the Hartford's "NEW Way of Buying Insurance." Ask Western Union or Canadian National Telegraphs for the name and address of the nearest Hartford agent.

10 ways to *prevent* losses caused by *Carelessness*

1. Keep heating plants, chimneys, gas connections, electrical equipment in good order.
2. Keep premises free of rubbish — keep oily or greasy materials in approved metal cans—empty waste cans daily.
3. Keep stairs, passageways, fire escapes and exits unobstructed.
4. Install safety guards wherever needed—have proper lighting and ventilation.
5. Use only correct size electrical fuses.
6. Observe safety rules on smoking.
7. Educate employees to be careful on their own jobs, throughout the plant, on the street, at home.
8. When lifting heavy objects keep back straight, bend legs, use leg muscles — not abdominal muscles.
9. Get plenty of rest—see doctor for periodical check-up—report all injuries at once.
10. Keep car in good condition — allow plenty of time to get there without speeding.

Keep 'em flying!

HARTFORD INSURANCE

Hartford Fire Insurance Company • Hartford Accident and Indemnity Company

THE TWO HARTFORDS WRITE PRACTICALLY EVERY FORM OF INSURANCE EXCEPT LIFE



HARTFORD, CONNECTICUT

Industry's Best Effort

Industrial Mobilization

SOME years ago there was a popular wall motto which announced in big old English type, with an ornate initial "T," "There's so much bad in the best of us, and so much good in the worst of us, that it hardly behooves any of us, to talk about the rest of us." It hung on many a wall, leaving a telltale mark on the flowered paper but without any apparent effect on the habits and customs of the people who would brook no interference with freedom of gossip and criticism.

In recent months this old American custom of some of us talking about the rest of us has been having quite a workout, the main topic of discussion being the highly unsatisfactory results of our war production effort. Now that we have an industrial dictator and a board of experienced managers to help him, progress ought to be rapid. However, there remains another leaf from the book of 1918 that might well be adopted, namely, a recovery of that easy, cordial, natural relationship that existed between Government and business in those dear, dead days when the present generation of anti-business intellectuals were just boys and girls.

It's a hard job to organize a country for war and no one knows this better than Walter Gifford, telephone executive and bank director. It's a hard job even with the eager assistance of the National Brotherhood (and Sisterhood) of Back Seat Drivers whose millions of members everywhere know exactly what the poor sumps in charge of a job should have done yesterday or last month. Something they don't know, of course, is what to do today and this probably explains why there has been a relatively higher development of the critical or should-a-done-it faculty among human beings, as compared with the do-it faculty.

Twenty-five years ago Walter Gifford had a big part of the job of directing the general mobilization of American industry for war and the story of what was accomplished then has such a direct bearing on our national problem today that it is worth telling.

The first World War began to get close to American shores in 1916 and Walter Gifford's ability as an organizer and administrator overcame any objection there might have been to his age of 31 years and he was asked by the Naval Consulting Board to direct the work of the National Industrial Preparedness Campaign of the United States.

Fighting Industries

It was about this same time, in the *Scientific American* of June 3, 1916, there appeared an extraordinarily farsighted article by Gifford on the necessity of taking a national inventory of our resources and deciding on plans for mobilizing American industry.

"One lesson stands out from the experience of coun-

Bank Directors

WE'VE always heard a great deal about the duties and responsibilities of bank directors. Let's play the other side of the record and pay tribute to the men who are so important to banking in times like these.

This month, meet a director of the First National Bank of New York and trustee of the Bank for Savings of the City of New York.

Faced with war problems of truly sobering magnitude, the banks of the country have an asset of incalculable value in the men who serve on their boards of directors.

As a group the directors of banks and the trustees of savings institutions include the business and professional leaders in every community. Numbering more than 50,000 individuals, they constitute a gold mine of ability and experience reaching into every branch of commerce, industry and the professions.

While, generally speaking, they are not real honest-to-Crowley bankers, they are an integral part of the banking system. What's more, in their regular meetings across the table they come close to being the main-spring of business life in every community. They are living proof of the inter-relation of all business. They represent the practical cooperation and the concerted national effort needed to furnish our forces on land and sea with whatever they need to win.

tries engaged in the European conflict," he wrote in this article, "and that is, that defense is not obtained today by fighting men alone but by fighting industries. Behind every man on the firing line in Europe, from 3 to 5 persons are employed to supply him with food, ammunition and other needs. Today two-thirds to three-quarters of all the industries of the fighting nations are engaged in meeting the tremendous requirements of the battle line. Phonograph concerns are making shell parts, manufacturers of infants' food are making plugs for shells, watchmakers are adjusting fuses, in short, all kinds of industries are doing their part in the fighting line of industry."

Census of Industry

DURING the Fall and early Winter months of 1916 he directed a census of manufacturing resources and possibilities of all industrial establishments in the country having an annual business of \$100,000 or more. The survey classified and catalogued 27,000 industries and the whole program was carried out with such skill and

energy that Gifford found himself with a new and tremendously important job on his hands.

There had been created by act of Congress a Council of National Defense, charged with the coordination of industries and resources for national security and welfare and an advisory commission to this council. Gifford became director of both boards. Another function of the Council was the "creation of relations which render possible in time of need, the immediate concentration and utilization of the resources of the nation."

The Council itself consisted of Cabinet members, while the Advisory Commission to the Council consisted of representatives of industry and business generally. Gifford was director of both Council and Advisory Commission and the membership of the latter group were the following: Daniel Willard, Hollis Godfrey, Howard E. Coffin, Dr. Franklin H. Martin, Bernard M. Baruch, Julius Rosenwald and Samuel Gompers.

Each was assigned to represent a different field,—transportation, engineering, education, munitions, manufacturing, medicine and surgery, raw materials, supplies and labor. A system of contacts was established with all the various groups by committees and by this means the leaders of industry, the best thought and experience in various fields, was made available to the Government.

Pioneering

THE whole idea of the Council and Commission was new in American history. It was entirely a pioneering effort. The duties of the organization were undefined and the work conceivably could have taken almost any direction, for example confusion.

The main point of this story is that it did not develop in the direction of confusion. With the approach of war, the Council created the Munitions Board on February 28, 1917. This group never really got under way before the curtain went down and the next scene was the General Munitions Board and even this body was still in

safety pins when it began to develop a bad case of committee trouble and talkitis.

On June 13, 1917, Director Gifford presented to the Council the draft of a plan of reorganization which led to the creation of a general staff of industry, the War Industries Board, to "provide central authority and decisive information." This was the board which, under the skilled and understanding leadership of Bernard Baruch, chalked up a considerable record of achievement in the First World War.

"... the best thought and effort . . ."

IN Gifford's first annual report to the Council and Commission he said: "*In a broad sense the Council has endeavored to make available to the United States the best thought and effort of American industry and professional life for the successful prosecution of the war.*" Could it be said any more completely and clearly? Here in one short sentence is the little difference that makes a big difference between then and now.

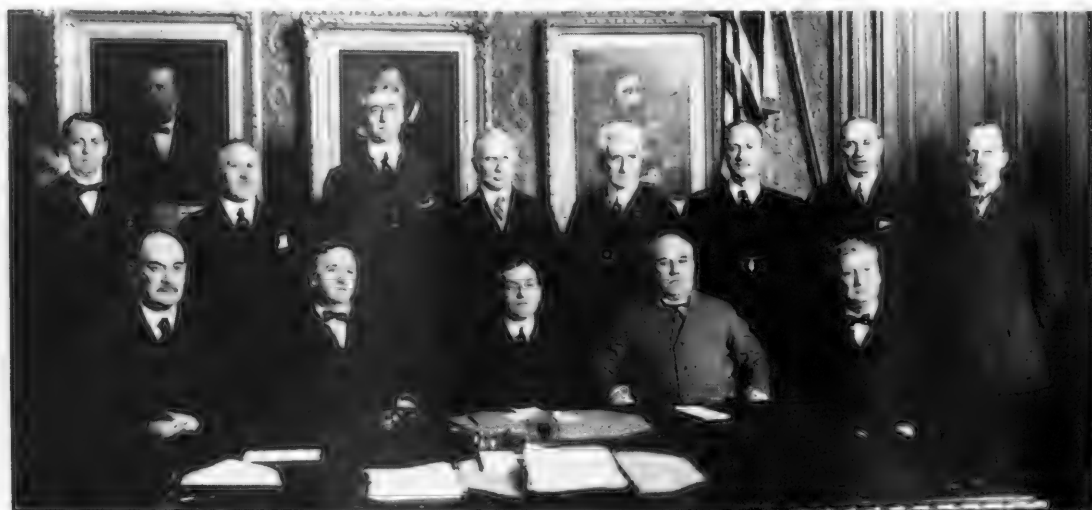
In September 1917 the various cooperating committees which had been organized under the aegis of the Council were dissolved so that the various members would not be in the position of representing the interests of government and industries at the same time. However, a large number of the individuals who composed these committees were thereupon appointed to responsible Government positions as advisors and experts on business matters related to the war.

The following year, in July, Walter Gifford made a trip to France, representing the Government, and assisted in launching the Inter-Allied Munitions Council in Paris. For four months he was secretary of the American Section of that Council.

Returning to this country in November, 1918 he wound up his work for the mobilization of industry, resigned as director of the Council for National Defense and returned to his work with the American Telephone and Telegraph Company.

PRESIDENT WILSON'S NATIONAL DEFENSE COUNCIL, 1917

Seated, left to right, Secretaries Houston, Daniels, Baker, Lane and Wilson. Standing, left to right, Messrs. Clarkson, Rosenwald, Baruch, Willard, Martin, Godfrey, Coffin and Gifford



HARRIS & EWING
BANKING

The ROUND TABLE



Brief Excerpts from Recent Comment

Attack

PRESIDENT ROOSEVELT

WE CANNOT wage this war in a defensive spirit. As our power and resources are fully mobilized we shall carry the attack against the enemy. We shall hit him, and hit him again, wherever and whenever we can reach him. We must keep him far from our shores, for we intend to bring this battle to him on his own home grounds.

American armed forces must be used in any place in all the world where it seems advisable to engage the forces of the enemy.

By 1943 — —

HENRY FORD

GIVEN a continuous flow of materials and no interruption to labor's cooperation, the production phases of the President's war program are entirely practicable.

By 1943 we will have gotten into our stride so that stepping up this program will be simple. With that greater program under way, the war should come to a speedy end, perhaps in 1943.

They'll Get It

WINSTON CHURCHILL

THERE will be no halting or half measure. There will be no compromise or parley. These gangs of bandits have sought to darken the light of the world, have sought to stand between the common people of all the lands, and thence march forward into their inheritance. They shall themselves be cast into the pits of death and shame, and only when the earth has been cleansed and purged of their crime and of their villainy will we turn from the task which they have forced upon us. . . . The enemies ranged against us have asked for total war. Let us make sure they get it.

Winning Is Cheaper

Secretary MORGENTHAU

WAR is never cheap, but let me remind you that it is a million times cheaper to win than to lose. The French, the Czechs, the people of a dozen conquered and ravaged countries, can tell us what it costs to lose. We have made up our minds to produce and to fight with such an overwhelming number of planes, of ships, of tanks, of guns and of trained and fully equipped men that the Nazis and the Japanese and their kind can never again threaten our freedom.

The cost of our war effort should frighten no one but our enemies.

Inflation Potential

M. S. SZYMCAK, Federal Reserve Board

THE inflation potential ahead is tremendous. If we are to avoid sharp price increases, there are two broad lines of attack on the problem. First, we may fix price ceilings on many or all goods and supplement these price ceilings by rationing the commodities whose prices are controlled; or, second, we may adopt an aggressive fiscal policy, supplemented by monetary controls, sufficient to divert from current income enough funds to keep consumers from demanding more goods than are available at present prices. In practice I feel sure that we shall have to do a great deal of both. If we fix price ceilings but leave people with increased incomes to spend, then we must find some way of distributing fairly the limited supplies available. Prices can then no longer act as the allocating mechanism. We must take the rationing job over directly.

Just One Job

DONALD NELSON, chairman, War Production Board

WE have just one job to do—to make enough war materials to lick Hitler and the Japs, and to do it in the shortest possible time.

Any organizational changes that have to be made in order to do this job will be made. The present organization must and will evolve into the most effective possible instrument to do it.

No Special Groups

Brigadier General LEWIS B. HERSHEY, Director of Selective Service

ONE thing we will not do is to set up special groups of skills or workers for exemption from military service. The basic decision on each man will be a personal one.

It is not the purpose of selective service at present to disrupt the basic social fact in American life, the family. We must examine more carefully in each case the facts of that life — whether it exists in fact, and how and why the family was established.

"In This Corner . . ."

Private JOSEPH LOUIS BARROW, heavyweight champion

THEM Japs is all lightweights, anyway. They don't have any heavyweights.



Calling All Loyal Americans!

On July 4th, 1776, a group of brave and resolute men, representatives of the people, gathered together at Philadelphia and signed the Birth Certificate of American Democracy. Loud and long on that occasion rang out the great bell in the State House, the revered Liberty Bell, and all the other belfries in the land joined in a mighty chorus that echoed into all the corners of the world.

Today, as we celebrate the 165th birthday of freedom in America, another call goes out to all loyal Americans. Powerful and ruthless enemies of democracy have risen in the world. Human rights and personal liberty are being trampled under foot. America must prepare once more to defend the principles on which its life depends.

Americans have never faltered in a crisis. Through enthusiastic and earnest co-operation—without necessity of regimentation—the Defense Program will be carried on to completion, and to victory.

UNITED STATES DEFENSE BONDS AND STAMPS
ON SALE AT ALL LIBERTY NATIONAL OFFICES

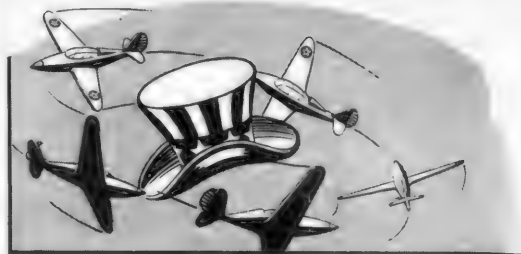
LIBERTY NATIONAL BANK AND TRUST COMPANY

Memphis, Tenn. | Chicago, Ill. | St. Louis, Mo. | Cincinnati, Ohio |

LOUISVILLE, KY.—A bank's newspaper ad sounds a summons to victory

PALM BEACH, FLA.—An Army jeep in the lobby of the First National Bank helps the sale of defense securities

McCLELLAN



SALES skyrocketing to a record high—the supply of Series E Bonds exhausted in many parts of the country—government presses running on a 24-hour schedule in an attempt to meet the demand—the Treasury multiplying its outlets for sale of bonds and stamps—its state committees beginning to show results—insistent appeal for adoption of payroll savings plans—increasing emphasis placed on purchase of the securities out of current earnings instead of accumulated savings—and banks of the country continuing to maintain their proud record of leadership in promotion, sale and distribution of the bonds.

That is the picture of the Defense Bond campaign as it enters the third month after Pearl Harbor.

Figures for December released by the Treasury show that millions of patriotic Americans, aroused by the treacherous attack on Pearl Harbor, made a record cash purchase of \$528,000,000 in bonds. This total almost doubled the average sale for the previous seven months.

"This grand response," declared Secretary Morgenthau, "is just one sample of what our people will do, in every field of the war effort, now that they are awake and aroused to their country's danger."

"It is especially good news to me that \$341,000,000 of the December total came from the sale of the Series E Bonds, the 'people's bonds,' that start at a price of \$18.75. The sales of Series E Bonds were almost three times what they had been in previous months."

WITH the outbreak of war, banks changed the character and direction of their sales efforts. The appeal has become a fighting one and is being carried to the people by striking newspaper ads, window displays of battle equipment, the sponsorship of cooperative community projects such as the building of planes, tanks, and destroyers, and the extension of payroll and other savings plans.

In commenting on the vital part banks are playing

DETROIT—Vice-president Edwin D. Kay of The Detroit Bank has made a one-minute motion picture short promoting Bond sales



"WE'VE JUST BEGUN TO FIGHT!"

in the Defense Bond program, President Koenke in a recent letter to the banks of the country declared:

"Since December 7 it has become increasingly more important that the Defense Bond program be pushed to the utmost. I am taking this opportunity of asking the banks to put forth every effort to keep this program continually before the people. There is now more need than ever for the success of the Defense Bond program and we should do everything possible to help.

"From reports which have come to the officers of the Association, it is gratifying to know that the banks are doing an excellent job in the Defense Bond program. I have every confidence that they will continue to do this job in a manner characteristic and emblematic of the American way."

In his letter Mr. Koenke urged the extensive use of the familiar "For Victory Minute Man" design on the face or back of customers' and official checks, on customers' monthly statements, on letterheads, envelopes and all other stationery used by a bank.

"Your hearty cooperation in this undertaking," he declared, "will be appreciated and there is no doubt in my mind but what it will help materially to increase the sale of bonds."

Cuts of the Minute Man seal can be obtained free of charge from the Defense Savings Staff, United States Treasury Department, Washington, D. C. They come in two sizes— $\frac{3}{4}$ " x 1" and $1\frac{1}{2}$ " x 2". Orders should be placed directly with the Treasury.

THE American Bankers Association was quick to adopt a war theme and its Advertising Department placed in the hands of membership a smashing new "Bonds for Victory" poster, attractive colored stickers urging the purchase of the bonds, an effective direct mail folder, blotters, and timely and hard-hitting advertising copy for newspaper use.

Banks in various parts of the country are engaging in joint advertising campaigns to stimulate the sale

SAN DIEGO, CAL.—The First National Trust and Savings Bank offers special accommodations for stamp buyers



DAYTON, O.—The Third National Bank and Trust Company attracted pedestrians' attention with this window display

PROVIDENCE, R. I.—Another newspaper ad that told an effective story, below



MAKE YOUR DOLLARS FIGHTING DOLLARS

Never before have the dollars of each and every American been so vital a factor to our country. Give America the fighting dollars she needs to win the war that has been forced upon us. Put every cent you can into Defense Bonds and Stamps.


BUY **DEFENSE BONDS** NOW!

Rhode Island Hospital National Bank

Pawtucket — Providence — Woonsocket



the American way!

On every hand we see evidence of an awakened America! The tramp of marching  an opportunity to help through the purchase of Defense Stamps and Bonds. Such bonds, in addition to representing the utmost in safety, offer a particularly

desirable investment since they carry an attractive interest rate and do not fluctuate in value. Let's do this job the American way—and provide for our own security as well as that of the Nation!

The U. S. Government Offers

1. **DEFENSE STAMPS**—sold in denominations of 10¢ to \$5.00 are redeemable for Series E Defense Savings Bonds (see below).
2. **SERIES E SAVINGS BONDS**—in denominations of \$25.00 to \$1,000.00—sold at 75% of mature value. If held until maturity (in ten years) the increase in value will equal 2.9% per annum compounded semi-annually.
3. **SERIES F SAVINGS BONDS**—in denominations of \$100.00 to \$10,000.00. Sold at 74% of maturity value. If held until maturity (in twelve years) the yield approximates 2.53% interest a year.
4. **SERIES G SAVINGS BONDS**—sold at par in denominations of \$100.00 to \$10,000.00 and bearing interest during their 12-year period of 2.5% paid semi-annually.

BUY DEFENSE BONDS

The Safest Investment In the World!

★ ★ ★ ★ ★ ★ ★ ★ ★

Available at the following banks:

COMMERCIAL & INDUSTRIAL BANK**FIRST NATIONAL BANK**

NATIONAL BANK OF COMMERCE

STATE SAVINGS BANK

UNION PLANTERS NATIONAL BANK & TRUST CO.

of the bonds and stamps in their communities. In some sections, banks, by mutual agreement, have arranged a staggered schedule of newspaper advertising in order to assure the systematic display of bank ads on Defense Bonds.

THE unselfish contribution of banking to the defense program is further revealed in the activities of hundreds of bankers who are serving on the local, district, and state committees organized by the Treasury. In many states bankers have been named as administrators and committee chairmen to organize and direct the Treasury program. Among them are: Connecticut—Chairman, Robert B. Newall, president, Hartford National Bank and Trust Company; Florida—Chairman, Linton E. Allen, president, First National Bank, Orlando; Idaho—Chairman, John A. Schoonover, president, Idaho First National Bank, Boise; Mississippi—Deputy Administrator, Orrin H. Swayze, vice-president, Capital National Bank, Jackson; Montana—Chairman, A. T. Hibbard, president, Union Bank and Trust Company, Helena; Nevada—Administrator, Robert L. Douglass, chairman and vice-president, Security National Bank of Reno; Rhode Island—Chairman, Ernest Clayton, vice-president, Industrial Trust Company, Providence; South Dakota—Chairman, Walter H. Burke, cashier, Pierre National Bank, Pierre—Vice-chairman, George M. Starring, secretary-treasurer, South Dakota Bankers Association; Utah—Administrator, Charles R. Mabey, president, Bountiful State Bank, Bountiful—Chairman, Charles L. Smith, president, First National Bank, Salt Lake City; Vermont—Administrator, Fred C. Martin, vice-president, County National Bank, Bennington—Chairman, Levi P. Smith, president, Burlington Savings Bank, Burlington; Washington—Chairman, Joel E. Ferris, executive vice-president, Seattle-First National Bank, Spokane.

A sales promotion manual—"Helping Your Bank Sell United States Defense Bonds"—prepared especially for banks will soon be distributed by the Treasury

MEMPHIS—Left, effective group advertisement by Memphis banks

SAN FRANCISCO—*Below*, one ad in a newspaper series

"What can I do to help defense?"

**YOU
CAN BUY
DEFENSE
BONDS**

**ONE
\$18.75
BOND
feeds a
soldier for
43 days**

U.S. Defense Savings Bonds

cost from \$18.75 to \$10,000, are due in 10-12 years, redeemable for \$25 and up. Put them on your monthly

Established 1852

**Wells Fargo Bank
& Union Trust Co.**

SAN FRANCISCO

Member F. D. I. C.



SIEVERS

ST. LOUIS—Left, a lobby poster, First National Bank in St. Louis . . . PATERSON, N. J.—Right, a bond display at the Paterson Savings Institution

Department to every bank in the country. It should be a powerful factor in helping banks maintain their enviable record and will provide a guide whereby they may boost the sales record they established in December.

This manual was written and designed by the American Bankers Association. It includes examples of newspaper advertising that have been found extremely effective since the declaration of war. It also suggests publicity procedures whereby banks may spread the story of the bonds and stamps in their communities and at the same time reveal to the public banking's contribution to the defense program.

A section devoted to bank window and lobby displays is illustrated by many examples of outstanding exhibits which have commanded the attention of depositors and public alike and which have produced startling upswings in the sale of bonds.

The manual will recommend the use of special signs to indicate the tellers' windows at which bonds and stamps are being sold. By designating these particular windows, banks will not only boost their sales but will eliminate considerable confusion in their lobbies and will facilitate the handling of the securities. Red, white and blue "Bonds For Sale

WILMINGTON, DEL.—Below, left, lobby of the Equitable Trust Company . . . SALINAS, CAL.—Center, "Victory" emblem, the "V" painted red, the circle and signature in blue . . . ST. LOUIS—Right, a revolving sign in the lobby of the Tower Grove Bank and Trust Company features six government service branches



SANBORN



PAPIN



NEW YORK, N. Y.—This Citizens Savings Bank's window display includes pictures and models of battleships and bombers



NEW YORK, N. Y.—Dr. William A. Irwin, national educational director, American Institute of Banking section of the American Bankers Association, was invited to speak on the "I'm An American" program over the Blue Network of the National Broadcasting Company on January 25 and expected to urge the purchase of Defense Bonds

Here" signs and other decorations mentioned in the book can be obtained without charge from the Treasury by use of a special order blank which will accompany the manual.

Feature programs and stunts are also discussed and many banks sponsored programs that have attracted nationwide attention are mentioned.

Accompanying the manual will be a folder describing the securities and outlining practical sales hints. This booklet was written by the A.B.A. and will be distributed without charge by the Treasury. An order form will be enclosed with the manual by means of which banks may order a sufficient quantity for their entire personnel.

This educational side of the promotional program is designed to make the personnel of banks the best informed group in America regarding the securities and the objectives of the sales campaign built around them.

The educational program will receive additional emphasis from the American Institute of Banking. The Institute, under the direction of its president, George T. Newell, vice-president of the Manufacturers Trust Company, New York City, has already launched a campaign that calls for banker meetings at which the social, economic, and military significance of the Defense Bond drive will be told. These meetings will be under the general sponsorship of the Institute's forum and seminar committees and the program will be carried forward with the assistance of other key committees, particularly the publicity, public relations and public speaking groups.

Plans are being completed whereby crack speakers from the

LOS ANGELES, CAL.—Left, below, The Farmers and Merchants National Bank in a window display pay tribute to staff members in the armed services . . . LEESBURG, FLA.—Right, Outdoor advertising by The First National Bank



various chapters of the A.I.B. will volunteer their services as "Minute Men" and will appear before thousands of organizations as spokesmen for the Treasury. The voice of banking will also be heard over the air on hundreds of stations as the Minute Man campaign gathers momentum.

Banks are cooperating generously with the Treasury's basic program of bond sales through payroll savings. They are not only giving practical assistance to the industrial and business concerns that are establishing payroll plans for their employees but they are making this voluntary purchase method available to their own personnel. Treasury policy and procedure indicates that there will be increasing emphasis on this phase of the campaign.

On every front banks are giving strength, inspiration and direction to the Defense Bond campaign. They are performing a vital, unselfish service to the nation.

WAR...

and Work for a Veteran



Now, with the battle joined, those of us who cannot sign up with the fighting forces dedicate ourselves to all-out assistance at home.

You may wonder how a 92-year-old bank like this Society can help. Although a bank can't shoulder a gun or drive a tank, its employees can—and many are now in training. As in the Civil War, the Spanish American War, and in World War I, the Society for Savings will aid the financing by buying Government Bonds and by encouraging individual Clevelanders to buy Defense Bonds and Stamps.

Perhaps equally important—this mutual savings bank will help to stabilize the country when victory is won. Let us know, now, how we may assist you to do your part in hastening that victory.

Society for Savings



CLEVELAND, O.—Society for Savings strikes a historical note in this newspaper ad by depicting the Army hats worn in 1861, 1898, 1917 and 1941

PLAINFIELD, N. J.—The Plainfield Trust Company emphasizes the need for systematic purchases out of earned income in this window display

PHILADELPHIA, PA.—Left, below, a war-like exhibit at the Corn Exchange National Bank and Trust Company... BRIDGEPORT, CONN.—Right, The First National Bank and Trust Company has a large mural over the vault in its banking room. In the foreground is a display of sub-machine guns manufactured locally



G.S.B. *atten-*SHUN!

THE eighth resident session of The Graduate School of Banking, to be held at Rutgers University June 15-27, will be geared to banking in wartime. This most important session in the School's history will bring together bank officers from all parts of the United States to study credit expansion needs and the best means of carrying forward all phases of total war financing.

The content of every course of instruction given by the School this year necessarily must be altered to include consideration of the effects of total war. Among the important problems that will receive special consideration will be the change in emphasis in consumer credit lending. The "food for freedom" campaign and the credit needs incident thereto brings to the banks one of the most urgent responsibilities that will confront the banks within the next two years. Consumer credit will be used more in the field

of agricultural credit than has ever before been the case.

For example, farmers will need loans to bring back into cultivation lands previously retired and to finance storage facilities for food products. With the transportation facilities of the nation being utilized to transport Army personnel and equipment and to meet other urgent demands made upon it by total war production, dairy farmers and poultry raisers who have been carrying feed supplies for one week only will have to change their methods of financing and that means an overhauling of our credit structure to meet these new demands.

Other all-out war banking problems that will be scrutinized closely at the School include: personnel problems and the maximum utilization of machines; ways and means of cooperating with various procurement offices of the Army and Navy on supplies; and the promotion of defense securities.

"IF it's a story we're looking for," said BANKING in a moment of editorial meditation, "why don't we dig up a yarn about wartime activities of The Graduate School of Banking men?"

It sounded like a good idea. It was a good idea. In fact, it was almost too good, because, when the digging was done, there was a pile of material much larger than we could use, thanks to the willingness of the G.S.B. folks to cooperate, and to the extent of the war work they reported.

Our letter requesting the information said: "Perhaps you're in the service; if so, we'd like to know about it. Perhaps you're planning your bank's Defense Bonds sales effort; that's a story, too. Perhaps you're an air raid warden; all right, tell us so. Perhaps you're doing something else. The point is—tell us *what* you're doing."

The request was limited to alumni and former students; inclusion of present students would have overtaxed our facilities. (Don't worry, Classes of '42, '43, and '44. Your turns are likely to come at the resident session next June!)

Well, the letter had hardly been posted, it seemed, when the returns began to pour in. We found that G.S.B. men were not only selling Defense Bonds and helping finance war contracts, they were working in just about every kind of war job that's been invented—which, after all, is what you'd expect of them.

Specifically, we heard from bankers who are commissioned officers and buck privates; from bankers who are air raid wardens and spotters; Red Cross and United Service Organizations workers; tire rationers and draft board officials; defense housing helpers and defense savings committeemen; planners of payroll deductions for bond purchases; aides in all sorts of civilian posts; bankers prominent in national positions and bankers who are helping in their own front yards. And everyone, of course, is boosting Defense Bonds.

Shall we let the G.S.B. men speak for themselves?

FIRST, a word about some of the boys on active service.

BANCROFT MITCHELL, National City Bank of New York, wrote: "Am in the Headquarters and Communications Company, 51st Regiment, New York State Guard."

Captain ROGER J. SINNOTT, Industrial Bank of Utica and a reserve officer since 1932, has served successively at the tank school, Fort Knox, with the 51st Armored Infantry, Pine Camp, New York, and at the Fort Knox Gunnery school. He was commissioned captain on December 24 last.

DOUGLAS M. HICKS, Peoples National Bank, New Brunswick, New Jersey, has been on duty since early last Fall as a lieutenant in the Naval Reserve.

Captain JAMES H. MOYE, Guaranty Bank and Trust

Company, Greenville, North Carolina, is now regimental adjutant of the 113th Field Artillery stationed at Fort Jackson, South Carolina. He was called into active service as a first lieutenant in the North Carolina National Guard in September 1941 and received his captaincy after a training course at Fort Sill.

Lieutenant Commander GERALD GRIFFIN, national bank examiner in the office of the Comptroller of the Currency, was called to active duty in the U. S. Naval Reserve on July 8, 1941. He had remained in the Reserve since the last war. "No news," said Commander Griffin in reporting his facts with professional brevity.

Lieutenant Colonel T. L. SOGARD, Kansas City Federal Reserve Bank, is finance officer at Camp Crowder, Missouri, serving, of course, in the Finance Department of the Army.

Lieutenant G. A. HUGGINS, Strafford Savings Bank, Dover, New Hampshire, is stationed at Bath, Maine, as an officer in the Naval Reserve.

A G.S.B. man nationally prominent is ROBERT W. SPARKS, Bowery Savings Bank, New York. Here's his report: "Field Director, Defense Savings Staff, U. S. Treasury, directing the field force in 48 states, Alaska, Hawaii, Puerto Rico and Philippine Islands."

J. HARVIE WILKINSON, JR., State-Planters Bank and Trust Company, Richmond, made five listings: "(1) By accident I find myself chairman of the National Defense Loans Committee of the American Bankers Association. (2) I am finance representative on the State of Virginia committee for the promotion of the sale of Defense Savings Bonds. (3) I am chairman of the bankers committee concerned with keeping the banks in touch with the state organization that concerns itself with promo-

tion of the sale of the Defense Savings Bonds. (4) I am an air raid warden. (5) I am pretty tired."

H. R. HARRIS, Central National Bank of Cleveland, says his war activity to date has been confined "to a very considerable effort with loans to industry arising out of the defense program." His bank's total of this financial aid "aggregates quite a few million dollars."

W. DALE CRITSER, The Fourth National Bank in Wichita, Kansas, is on a tire rationing committee. He has been active in making defense loans and in setting up an office to handle Wichita's Red Cross drive.

DAVID C. BARRY, Lincoln-Alliance Bank and Trust Company, Rochester, New York, is a member of the Rochester Defense Coordinating Committee and the speakers bureau of the Rochester Defense Council. (He is also, may we say parenthetically, something of an authority on defense financing.)

G. P. GEOGHEGAN, JR., Wachovia Bank and Trust Company, Winston-Salem, North Carolina, is chairman of his state association's public relations committee which is promoting the sale of defense securities and encouraging all banks to adopt voluntary payroll deduction plans for stamp and bond purchases. Furthermore, he is chairman of the association's Group 4, which in 10 counties is unearthing small industries available for sub-contracts; chairman of the Raleigh committee, Defense Savings Staff; chairman of the U.S.O. campaign for Wake County.

R. B. HAYS, Federal Reserve Bank of Cleveland, reports: "I am the defense contract officer for the Cleveland area of the Fourth Federal Reserve District, and also have general supervision of the administration of instalment credit control for the Fourth District."

T. C. WALLACE, West Side Trust Company, Newark,

DR. HAROLD STONIER, executive manager of the American Bankers Association and director of The Graduate School of Banking, announces the appointment of four new instructors to the Graduate School faculty. They are:

Gwilym A. Price, president, Peoples-Pittsburgh Trust Company, who will teach trust administration. He is chairman of the A.B.A. Public Relations Council, a state vice-president of the Trust Division, and a member of the trust policies committee.

Harold L. Reeve, secretary and general counsel, Chicago Title and Trust Company, Chicago, who will lecture in savings management.

Harry R. Templeton, vice-president, The Cleveland Trust Company, who also will lecture in savings management. Mr. Templeton is on the Executive Committee of the Savings Division and is chairman of its Division's Committee on Real Estate Mortgages.

Edward A. Wayne, secretary, North Carolina Bankers Association, who will lecture in savings management and investments. He is a member of the A.B.A. Insurance and Protective Committee and of the State Bank Division's Committee on State Legislation; and is chairman of the State Secretaries Section Committee on State Legislation.



Edward A. Wayne



H. R. Templeton



Harold L. Reeve



Gwilym A. Price



G. G. ABNEY, City Bank and Trust Company, Macon, Georgia, is a corporal in the Georgia State Defense Corps. A few days after the United States entered the war his unit was called into service for guard duty, relieving the Army from this duty. He is the center figure in the picture

New Jersey, is executive vice-chairman of the Newark Defense Savings Banking and Finance Committee.

OTIS A. THOMPSON, The National Bank and Trust Company, Norwich, New York, says: "I am acting as chairman of the Chenango County Defense Savings Committee."

HAROLD R. STONE, The First National Bank, Belfast, Maine, is chairman of a county committee for the sale of defense securities, and also heads his county's Red Cross War Fund committee.

ARTHUR D. SHACKELFORD, National Bank of Wilson, North Carolina, serves as chairman of the Wilson County Defense Bond Committee.

LLOYD A. SATTAZAHN, Lebanon (Pennsylvania) National Bank, is up to his elbows in the bank's bond-selling campaign; also, he puts in four hours weekly at the local air defense center and serves on the board of managers of the local U.S.O.

WILLIAM A. HOKE, The Delta (Pennsylvania) National Bank, is chairman of the local Red Cross roll call and war fund, both of which were oversubscribed. Also, he's chairman of a committee that is stimulating sale of defense securities through the schools and mercantile establishments.

B. K. DORMAN, First National Bank, Shreveport, Louisiana, is a member of the Louisiana Defense Savings Committee.

C. E. LEAIRD, The First National Bank and Trust Company, Muskogee, Oklahoma, is chairman of the Muskogee defense savings program. At present his organization is promoting the payroll allotment plan "which is going over very successfully."

MERLE J. FAIRBANKS and FRANK E. VOGT, Steuben Trust Company, Hornell, New York, serve, respectively, as vice-chairman of the Steuben County Defense Bond Committee, and sector warden for air raid defense.

J. PAUL CRAWFORD, JR., The Philadelphia National Bank, writes: "I am one of five bank men in Philadelphia heading groups to work with industrial firms and corporations in the installation of systematic payroll deduction plans for the purchase of Series E Defense

Bonds. There are about 1,200 industrial companies in the Philadelphia area which will be approached with this plan and the banking group will handle 300 of them. At home, Rosemont, Pennsylvania, I am a local air raid warden."

ROBERT G. COWAN, National Newark & Essex Banking Company, Newark, New Jersey, works on his state's defense savings committee and is vice-chairman of the Newark committee. He's likewise in the air interceptor corps of Harding Township.

L. R. BOWERS, The Community Bank, Napoleon, Ohio, a member of the Ohio Bankers Association public relations committee, is in charge of his bank's Defense Bond sale. "We are selling a lot of 'em for a country bank," he says.

WILLIAM M. BACKER, The First National Bank, Bound Brook, New Jersey, represents the service clubs on the Somerset County Savings Bond Committee.

JOHN WETZEL, The Bayside (New York) National Bank, has directed and prepared the publicity and sales efforts for Defense Bonds in his institution, and has organized its air raid precaution system.

CHARLES W. HAMILTON, The National Bank of Commerce, Houston, Texas, supervises sale of defense securities in his bank—"and that," he asserts, "has been enough work, particularly since Pearl Harbor, to occupy all of my waking hours and I don't mean perhaps." He's an air raid warden, too.

MAX CAVANAGH, The National City Bank of New York, says that although he's too old to do the same sort of thing he did in the last war, he, as an individual, "can do certain things that as a nation we must do to win" this war. "I am putting my own affairs in order," he writes. "I am conserving needed materials; I am maintaining an open and unemotional mind in appraising the news; and as a banker I am helping my clients to do these things. Further, I am assisting them so that their contributions to the national effort may be the maximum, and I am encouraging them to so organize their affairs that the inevitable reckoning may find them able to absorb the shock."

A. E. WILLSON HARRISON, First & Merchants National Bank, Richmond, Va., reports that he is a sergeant in the 42nd Company, Virginia Protective Force.

JAMES W. GRAY, Rochester (New York) Savings Bank, reports: "I am, of course, working on Defense Bonds like everyone else. In this bank the work in the industrial plants happens to be under my supervision. To date, we have nearly 100 concerns using our payroll deduction plan. Recently I was appointed to the pub-

Lieutenant VINCENT A. SHEEHY, JR., Washington (D. C.) Loan & Trust Company, was called into active duty as a Naval Reserve officer late last year, assigned to the Navy Yard in Washington



licity office of the Monroe County Defense Savings Committee.

FRANCIS S. CLARKE, The Farmers National Bank of Hudson, New York, is chairman of the Columbia County Clearing House Committee on Publicity and Advertising; the association has conducted a campaign for the sale of defense securities. He's president of the chamber of commerce and headed a committee which arranged for all county manufacturers to visit a "red, white and blue" OPM train. Mr. Clarke is also an observer in an air raid post.

HUGH H. WILLIAMS, Marine Midland Trust Company, Cortland, New York, is Cortland County's key banker for agriculture and a member of the emergency crop loan committee. He also serves as vice-chairman of the Red Cross chapter and as a member of its disaster committee.

RALPH D. WITHINGTON, The Philadelphia National Bank, is an air raid warden.

W. THEODORE WILLIAMS, Orange (Massachusetts) National Bank, has these jobs: chairman, committee for the sale of Defense Bonds in Orange; treasurer, Civilian Defense Committee; chairman for the local Red Cross war fund campaign; assistant regional director, state Committee on Public Safety.

CARSON M. WILKEY, The Boston Five Cents Savings Bank, is a deputy precinct warden at home and sells Defense Bonds at the office. He says he'd be serving as a junior grade lieutenant in the Navy now "had I not received some deafness in one ear, resulting from the First World War" in which he was a naval radio operator. "If the U.S.N.R. needs paymasters," he writes, "I am ready for the Bureau of Supplies and Accounts."

STERLING R. WHITBECK, Nonotuck Savings Bank, Northampton, Massachusetts, "has crossed the 50 mark" and hasn't volunteered for active service; he was in the U.S.N.R.F. during the last war. He is currently very active in Red Cross work in his county.

GEORGE K. WELLER, Flemington (New Jersey) National Bank & Trust Company, checks in as an air raid warden and as treasurer of the county Red Cross.

EVERETT C. STEVENSON, The First National Bank, Bound Brook, New Jersey, ex-marine, covers a local air observation post one evening a week. He is treasurer of his town's Red Cross and of the disaster preparedness and relief organization there. In the bank, he's in charge of the Defense Bond sale.

ERVIN F. STEPANEK, The Peoples Savings Bank, Cedar Rapids, Iowa, serves as treasurer of his Red Cross chapter. He was a member of the Cedar Rapids Junior Chamber of Commerce committee that sponsored "Buy a Bond Day" in the city and county.

See next month's BANKING

BANKING didn't have space for the reports of all the Graduate School men who supplied information about their wartime activities. But—there's another issue coming next month, and we're reserving space therein for material that was crowded out this time.



Graduate School of Banking men are particularly active in the sale of Defense securities. The photograph shows G. P. GEOGHEGAN, JR., Wachovia Bank and Trust Company, Winston-Salem, North Carolina, right, with Charles H. Robertson, state administrator, Defense Savings Staff

E. W. STEARNS, JR., Scarsdale (New York) National Bank and Trust Company, serves on the defense council, is an air raid warden, and president of the chamber of commerce which is promoting a Defense Stamp sale through the local stores.

WALTER L. SMITH, Princeton (New Jersey) Bank and Trust Company, is on duty four hours a week as an air raid spotter in Harbourton, New Jersey.

WALTER C. SMITH, Apollo (Pennsylvania) Trust Company, commander of the local American Legion post, is chief observer for an Army air post organized and manned by the Legionnaires.

MICHAEL E. SIMMONDS, Peoples Trust Company, Shamokin, Pennsylvania, is serving as secretary of a draft board. He is also on the local war activities committee formed to take care of all wartime demands in the community.

THEODORE C. SEROCKE, The National City Bank, Brooklyn, is likewise a draft board official. He's chairman of Board No. 175 in Brooklyn.

IRWIN REID, Citizens Marine Jefferson Bank, Newport News, Virginia, is a member of the tire rationing board in Newport News, and—he says—"after reading all the instructions, it appears that I may have a tough job of it; or it may be a very easy one, as there will not be any rubber for civilian use."

GUSTAVE BOTTNER, JR., Dry Dock Savings Institution, New York, has joined the auxiliary police force of his home town, South Orange, New Jersey. He's called a constable and is subject to emergency service.

PAUL W. BITTNER, First National Bank & Trust Company, Greenfield, Massachusetts, says: "The Massachusetts Committee on Public Safety has designated Greenfield as the warning center for region 2-B, which covers practically all the towns in Franklin County. As assistant controller I have charge of the operations of the center. We are operating on a 24-hour basis."

PICTURE LOG—Group Meetings Covering a Variety of Subjects . . .



WEIMAN & LESTER

"Public Relations Aspects of Air Raids" was the panel theme at a recent meeting of the New York Financial Advertisers. (Story on page 88.) *Left to right*, D. L. Parsons, NYFA president and manager, publicity department, The New York Trust Company; W. T. Wilson, director, Public Education Committee, American Bankers Association; P. W. Albright, secretary, Savings Bank Association of New York; E. L. Beck, manager, New York Clearing House; James E. Baum, secretary, Insurance and Protective Committee, A.B.A.; H. B. Chappell, vice-president, Central Hanover Bank and Trust Company; and I. B. Grainger, president, Montclair (N. J.) Trust Company



SCHUTZ

"Fundamental Factors Governing a Successful Membership and Enrolment Campaign" was the subject of Floyd W. Larson, secretary, American Institute of Banking, at the mid-Winter educational conference of Washington Chapter. *Left to right*, J. M. Christie, chapter president and assistant cashier, Riggs National Bank; Mr. Larson; Kenneth Birgfeld, chapter vice-president and assistant treasurer, American Security & Trust Company; T. S. Holland, vice-president, American Security & Trust, and president, District of Columbia Bankers Association

"Preserving Bank Leadership in the Savings Field" was discussed by J. R. Dunkerley, assistant secretary, Savings Division, of the A.B.A., before a group meeting of the Fairfield County bankers in Bridgeport. *Left to right, front row*, G. F. Behre; H. P. Splain, group chairman; Mr. Dunkerley, E. H. Worthington; *second row*, H. A. Chaffee, J. H. Bogardus, Seymour Curtis, R. S. Van Burin, H. E. Grupe; *third row*, T. L. Nims, Willis Banks, R. P. Cushman, S. J. Stewart, Jr.; *back row*, E. R. Lewis, C. A. Scofield, F. M. Fosdick, P. S. Davison, and R. E. Cramp



... All Designed to Enlighten Junior and Senior Bankers



CUSHING-GELLATLY

"Formal Education vs. Practical Training" was analyzed by Dr. William A. Irwin, national educational director, American Institute of Banking, at a seminar meeting sponsored by Boston Chapter and attended by more than 80 senior bank executives. Seated, left to right, Dr. Irwin and L. W. Huegle, secretary, The New England Trust Company, Boston, and seminar toastmaster; standing, D. T. Scott, national executive councilman of the A.I.B.; E. S. Johnson, chapter president; J. H. Swift, Jr., seminar chairman

"Management, Rehabilitation and Sale of Foreclosed Properties" was the topic of B. F. Hogan, president, Greater New York Savings Bank, Brooklyn, at a later seminar of Boston Chapter. Left to right, seated, Mr. Hogan and C. M. Spencer, president, Home Savings Bank, Boston; standing, G. P. Nason, president, Charlestown Five Cents Savings Bank; Kenneth McDougall, Mutual Savings Banks of Mass.; F. L. Buswell, treasurer, Newton Savings Bank; E. A. Craig, vice-president, Dorchester Savings Bank; and H. C. Stone, treasurer, Eliot Savings Bank



CUSHING-GELLATLY



KLOKE

Women's Forums: Miss Lillian Birtwistle, chairman, Women's Forum Committee, Philadelphia Chapter, giving outline of women's forum program at first forum meeting. "A Leaf in the Storm" by Lin Yutang was reviewed for the women by Mrs. Paul D. Towner

Air Raids vs. Public Relations

IN evolving modes of procedure in the event of air attack, banks of the country are unanimous in considering the preservation of the lives of employees of first importance.

Public relations aspects of possible air raids—particularly with reference to the exclusion of the public from bank premises during raids—are causing banks some concern. Many bank premises, especially low buildings and those with glass domes, obviously would not provide safe shelter. Some enlightening points were made on this phase of air raids at a recent panel discussion conducted by the New York Financial Advertisers.

Among the speakers was H. B. Chappel, vice-president, Central Hanover Bank and Trust Company of New York, formerly manager of its London office, who told of some criticisms leveled at London banks in the early stages of the war, which required rectifying or some revision of precautionary measures. He stated that criticism of bank closings on legal holidays in England—of which there were but five—caused the banks to curtail the observances of two. At the beginning all business concerns closed during daylight alerts, but, after it became apparent that the R. A. F. was doing a job on the Germans, most companies, excepting the banks, remained open and depended upon roof spotters to give warning when planes actually were near. As a consequence the banks were severely criticized and today, although they are officially closed during alarms, if customers appear at the bank doors they are permitted to go in and transact their business.

WITH respect to what to do about admitting the public to bank premises, I. B. Grainger, president, Montclair (N. J.) Trust Company and chairman of the Essex County committee on precautions for banks, reported that in order to avoid criticism should ample employee protective facilities be provided within the bank while the public was excluded, his committee recommended that when enough employees were available to protect bank property adequately bank buildings be kept open.

James E. Baum, secretary of the Insurance and Protective Committee of the American Bankers Association, summarized the points made by other speakers at the panel and suggested the desirability of having civilian defense authorities pass upon the degree of safety of bank premises as air raid shelters in the event of attack. Mr. Baum agreed to take this matter up with the na-



INTERNATIONAL NEWS

New York Curb Exchange clearing its trading floor of 475 members and employees in a minute and a half during a practice air raid alarm. The floor is divided into five zones

tional director of civilian defense in an effort to secure the adoption of a practical plan whereby dependable inspections may be made.

From the message which follows from R. W. Schumacher, manager of the San Francisco Clearing House group, it appears that this problem is being solved to some extent, at least, in the Golden Gate city:

"Banking premises have been inspected by explosive expert to determine points least vulnerable to air raids. Regular guards, wardens, first aid crews, and all other employees have been instructed to move expeditiously to predetermined stations. Customers are allowed exit, otherwise they take place of safety with employees. . . ."

Secondary to the safety measures for personnel and customers, which, for the most part, follow the broad general pattern devised by civilian defense leaders, are plans to safeguard vital bank records, cash and securities. There is increasing evidence that many banks on both coasts, and inland, are duplicating records.

CLEARINGHOUSE groups and state bankers associations are cooperating with their members in devising these protective measures. The Baltimore Clearing House, for example, after outlining to its members standardized personnel safety measures, recommends the duplication of essential records in the commercial, savings and trust departments.

The Connecticut Bankers Association, after calling members' attention to precautionary instructions from the State Defense Committee and after outlining the procedure for personnel safety, observes that "it is important to see that the time lock on your vault is set in the afternoon rather than in the morning, so that the vault door may be opened and closed, if necessary. . . ."

The Connecticut Association also tells its members: "The question of keeping the doors of the bank open or closed during air raid alarms is one which should be decided by you in cooperation with local air raid authorities. It is important that banks adhere strictly to local procedure concerning alarms and survey of buildings."

MARY B. LEACH

THE New York State Banking Department has adopted a resolution authorizing banks to suspend their usual business during air raids or air raid warning periods affecting the community in which they are located, such suspension being allowed to continue for a reasonable time after the all clear alarm.

ORGANIZATIONS AFIELD

JOHN J. McCANN reports on activities of national, state and local bankers' organizations.

Overture

DISPLAY SPACE in New Hampshire savings banks for official messages or patriotic posters has been offered to the Council of Defense by the 43 members of the state association. In addressing the offer to Governor Robert O. Blood, Executive Secretary Nute B. Flanders expressed the association's unanimous resolution to place the physical facilities of member institutions at the disposal of the council. He suggested particularly that copies of regular defense bulletins be made available to the banks, and that the value of their central location and general public use be put to advantage at once.



Know Your Legislators

FOLLOWING ITS annual custom, the NEW JERSEY BANKERS ASSOCIATION publishes the complete roster of New Jersey's lawmakers—State and Federal—and urges the membership to keep in cooperative contact with them on important legislation throughout the year. The list is arranged by legislative bodies and each name is further identified by county, city and political affiliation.

The custom of promoting this vital contact not only assists the Association's legislative committee, but all other working groups which may be affected by new laws aimed at banking practice. It's an idea well worth adopting nationally.

Contest

THE KENTUCKY BANKERS ASSOCIATION's annual public speaking contest will have as its subject "Your American Duty—To Buy Defense Bonds." The Committee on Education chose this theme, with the endorsement of the Treasury Department, as a means of making every student in the state and the audiences addressed in the course of the contest more conscious of their obligation to support national defense. There will be seven regional competitions, roughly following congressional district boundaries. Regional awards will be a \$25 Defense Bond, \$10 and \$5 in Defense Stamps, plus local prizes offered by individual banks. The grand prize will be a \$500 scholarship to any Kentucky college or university, while other finalists will receive \$350 in bonds. A companion essay contest will also be conducted for all member bank employees below the rank of assistant cashier on the subject "Why Every Bank Should Qualify to Sell Defense Bonds." First prize—an all-expense trip to the 50th annual convention at Louisville

next Fall or a \$50 Defense Bond. Two other \$25 bonds will be awarded to second place winners.

Digest of Taxes

THE SOUTH CAROLINA BANKERS ASSOCIATION issues a timely leaflet, "Digest of Important Changes in Federal Taxes." It contains improved schedules of gift and estate taxes, payroll taxes, and new individual and corporation taxes. Distribution was made last month to member banks who will doubtlessly be called upon to solve many a quandary come March.

Radio Roundup

AT THE ANNUAL mid-Winter conference and dinner last month, the ILLINOIS BANKERS ASSOCIATION introduced a unique feature conducted in the manner of "Vox Pop" or "The Man on the Street" radio program. Everyone in the audience was given an opportunity to express an opinion, or enter into a discussion on any subject of interest to bankers in Illinois—on operations, profits, obligations, organizations, etc. The first half hour of interviews was confined to the general subject of the Illinois banks' part in the agriculture defense program, and the second half-hour period to Illinois' plans for reducing crime and protecting banks.

Income

THE SOUTH DAKOTA BANKERS ASSOCIATION completes its monthly series of 10 research bulletins on bank operations with a study of "desired bank income." These bulletins have marked a departure which, it is believed, has proven more helpful to members. Instead of a consolidated annual report by the bank management committee, the association released each phase of the committee's work as completed, an average of one report monthly. The reports endeavored to give a composite picture rather than lengthy discussion and involved tabulations.



Credit Broadcasts

THE NEW YORK STATE BANKERS ASSOCIATION will take over six editions of the "Farm Paper of the Air" on radio station WGY, Schenectady, at various dates during the first six months of 1942. Member bankers will explain and discuss the relations of banks and farmers and the extension of farm credit as programmed by the state committee on agriculture. Ten minute talks will be given on each of the following: "The First Step in Getting Credit"; "The Annual Battle of Income Taxes"; "Can We Make Money By Paying Cash?"; "Is This a Good Time to Get Credit?"; "Should We Get Out of Debt Now?"; and "Meeting the Banker on His Own Ground."

NEWS PAPER

A.B.A. Plans "War Clinic" Series for Bankers

Bankers Helping "Little Fellow," Says Koenke

Aid Jones Program For Small Business

The American Bankers Association is in hearty accord with the sentiments expressed by Jesse Jones, Federal Loan Administrator, in his letter to the banks urging their cooperation in a program to spread defense loans among smaller businesses, it was indicated in a statement by Henry W. Koenke, president of the Association.

"For a year and a half the American Bankers Association has been advocating to its member banks just such measures as Mr. Jones urges," Mr. Koenke said, "and banks have generally complied. The figures published from time to time on defense loans made by banks have shown a constantly increasing volume of such loans. That banks are doing their best to extend the necessary war credit is not only indicated by the volume of defense or war goods loans, but also by the fact that more than 70 per cent of the loans made have been made without even requiring the assignment to the banks of the borrowers' contracts with the Government.

"On behalf of its members the American Bankers Association has consistently recommended that banks grant every loan application that they possibly can; that they participate with other banks or with the

(Continued on page 93)

2 Real Estate Clinics to Study War Problems

West Coast Plans Big Conferences

Real estate mortgage finance in the war emergency is to be studied at two clinics held in February on the Pacific Coast under auspices of the Savings Division, American Bankers Association.

The first is at Seattle, Feb. 19 and 20, the second at San Francisco, Feb. 26 and 27. A large attendance is anticipated at each.

At the time of going to press, details of the West Coast clinics were not complete, but the agenda was available in general outline. Subjects to be considered include: insured mortgages and construction loans; the effects of the emergency upon the mortgage market; measuring the quality of mortgage loans; administrative control of the mortgage portfolio.

Questions submitted by bankers under these general headings will be taken up for discussion at the sessions of the clinics.

Dr. Ernest M. Fisher, director of research in mortgage and real estate finance, American Bankers Association, is co-operating with the Savings Division in planning the clinics. The Division will be represented by its president, Stuart C. Frazier, executive vice-president, Washington Mutual Savings Bank, Seattle; Secretary W. Espey Albright; and As-

(Continued on page 93)

Bank Credits Theme of First Meeting Scheduled in New York City, Mar. 4-6; Another Set for Chicago, April 15-17

To meet the urgent problem confronting banks on how to adjust their services and credit lines to the changes brought by the war, the American Bankers Association is planning a series of clinic meetings on specific topics to be held in various sections of the country. Executive Manager Harold Stonier points out that the plan of breaking down regional conference programs into single topic clinics is an important part of President Henry W. Koenke's goal for the year.

Midwinter Trust Program Stresses Wartime Services

A program stressing trust service under war conditions was prepared for the 23rd midwinter trust conference of the American Bankers Association in New York, Feb. 3-5.

Various speakers, including Richard G. Stockton, Trust Division president, prepared discussions of ways in which trust institutions can be of aid in wartime and how they can best serve beneficiaries in the period of national emergency.

Because of the war the annual banquet was canceled, and plans were made for a luncheon on the closing day of the conference, with the New York Clearing House Association as host and Governor Clyde R. Hoey of North Carolina as speaker.

Subjects on the program for the five sessions included: wartime tax measures affecting estates and incomes; the social justification for private property rights; customer relations; investments; legal questions; common trust funds, and problems of large and small trust departments.

The first clinic will be held in New York City on March 4-6 and will concentrate on commercial bank credits.

For savings banks and savings departments of commercial banks the Association is extending its real estate mortgage clinic program to the West Coast and to the northeastern seaboard. As noted in another column of News Paper, clinics are being held this month in Seattle and San Francisco; another is planned for New York City on March 26-27.

The commercial bank clinic on March 4-6 and the real estate mortgage clinic on March 26-27 in New York City will supplant the Eastern Regional Conference originally scheduled for the first week in March.

The real estate clinics are practical, informal gatherings of bank men interested in the problems of mortgage finance. There are no set papers or speeches; instead the program is devoted to the consideration of actual questions asked in advance by bankers and talked over by those who attend the clinics. Programs of this nature already held in Cleveland and

(Continued on page 93)

Savings Operations Costs Are Studied

C. L. Robey, chairman of the Savings Division's Subcommittee on Savings Costs, announces that his committee is making a survey of savings operations costs in mutual savings banks and a group of commercial banks which have indicated a desire to participate.

Mr. Robey, president of the Purcellville (Virginia) National Bank, will supervise the survey in the commercial banks, and Bernard Townsend, vice-chairman of the committee and president, Troy (N. Y.) Savings Bank, will conduct the analysis for the mutual savings banks.

The two analyses will dovetail, so that when the committee completes its work the two types of banks will be able to compare their costs with each other as well as with banks of the same type. Driscoll, Millet & Company, of Philadelphia, bank analysts, are cooperating with the committee.

Bankers Helping "Little Fellow"

(Continued from page 92)

RFC where applications are for amounts larger than they can legally lend; that everything possible be done to make doubtful loan applications bankable, and that in the case of any loan a bank cannot make the borrower be assisted in filing application with the Federal Reserve bank or with the Reconstruction Finance Corporation. We believe that banks generally have followed this practice.

"Like all other citizens the bankers are 'all out' in their support of the war. They are glad to cooperate in Mr. Jones' program."

J. Harvie Wilkinson, Jr., chairman of the A.B.A. National Defense Loans Committee, and several committee members, visited Charles Henderson of the RFC in Washington to offer the group's services in connection with the subject of loans to small businesses.

Clinics for Banks Are Planned by the American Bank Association

(Continued from page 92)

Philadelphia have been highly successful.

The immediate and more general adoption of the clinic idea to replace the regional conference program of the A.B.A. is one of the first effects of the war on Association policy with respect to meetings.

"Allocations, priorities and scarcities," Dr. Stonier said, "have almost completely eliminated new non-defense credits. So the big problem confronting the commercial banks is how to adjust their credit lines to meet the emergency."

"Among the questions banks will need to explore are these: (1) How they can make adjustments required by Regulation W in the consumer credit field; (2) how to extend their defense loans in cooperation with the Government, or individually; (3) how to provide loans to farmers under the 'Food for Freedom' campaign; and (4) how to extend further their credit facilities in the

accounts receivable category.

"In view of the radical readjustments required of the banks, we decided that the best service the Association could give in this emergency would be to bring together in one spot, at one time—in various sections of the country—the best information we can secure on how banks can adjust their credit departments to these changing times."

The second commercial bank credit clinic will be held in Chicago on Apr. 15-17.

Defense Loan Data Sought by A.B.A.

The Bank Management Commission is engaged in making its survey of defense loans for the final quarter of 1941.

Questionnaires have been sent to the 500 largest banks, requesting data on loans and commitments for national defense during that period.

Business Course Is Still Available

More than 11,000 copies of "Building Business for Your Bank" have been distributed to Association member banks in the year since this employee training course was published by the Public Relations Council.

The Council's offer of a trial copy still holds good and one will be sent on approval to any bank making a request.

Far West Clinics in February

(Continued from page 92)

stant Secretary J. R. Dunkerley.

Discussion leaders for the Seattle clinic, in addition to Mr. Frazier, and Dr. Fisher, are: Charles H. Stewart, president, Portland (Ore.) Trust & Savings Bank; Harry G. Baldwin, vice-president, Washington Mutual Savings Bank, Seattle; F. M. Roberts, president, First National Bank, Kirkland, Wash.

War Stimulates Inquiries at A.B.A. Library

The library of the American Bankers Association is supplying a large volume of banking and economic information in connection with defense and all-out war measures to Association executives, member banks, libraries, financial and industrial concerns, and professional groups.

The library receives 300 publications each month, including magazines, bank news letters, Washington services, economic journals, news releases by government agencies, and banking magazines, which are scanned as received by the librarian, Miss Mary P. McLean and her staff. Six newspapers are checked daily. Articles likely to interest banks are marked, clipped, and filed. Periodicals to be kept permanently are indexed. The library, moreover, in addition to collecting comprehensive data on current emergency problems affecting banking, has started compilations on peace consequences and reconstruction.



Mary P. McLean

Subjects on which the A.B.A. library has had the greatest demand include: emergency bonuses, defense savings programs, foreign exchange control, alien property control, bank defense loans, air raid precautions affecting banks, tax savings plans, war contracts, consumer credit, and the names of appointees to government emergency agen-

cies in Washington. Miss McLean has a list of about 2,000 such appointees.

A member of the American Library Association, Miss McLean is assisting in evaluating books contributed to the Victory Book Campaign, sponsored by the American Red Cross, the United Service Organizations, and the Library Association.

A.B.A.'s 319 New Members Set a Five-Year Mark

December Added 137 to Roster

The addition of 319 banks to the membership of the A.B.A. during the first four months of the Association year set a new record for a similar period during the last five years.

In making this report to Dunlap C. Clark, chairman of the membership committee, and president, American National Bank, Kalamazoo, Mich., W. Espey Albright, the committee secretary, said this was "an achievement in which the committee and state vice-presidents can take particular pride."

December new memberships numbered 137, received from 31 states. The largest number came from Georgia where 22 were obtained by Committeeman Alva G. Maxwell, vice-president, Citizens & Southern National Bank, Atlanta, and State Vice-president H. G. Hutchinson, vice-president, Commercial and Savings Bank, Griffin.

Membership Boosters



L. D. Kelly



R. O. Byerrum



Eugene Fish

These bankers are among the many who have contributed to the recent growth of the American Bankers Association. Mr. Kelly, state vice-president for Missouri, is vice-president, Mercantile-Commerce Bank and Trust Co., St. Louis. Mr. Byerrum, Iowa state vice-president, is executive vice-president, First Trust and Savings Bank, Davenport. Mr. Fish, Texas state vice-president, is vice-president and cashier, Royall National Bank, Palestine.

From Missouri, in the territory of Committeeman R. L. Dominick, vice-president, Traders Gate City National Bank, Kansas City, 14 new members were received during the month through the efforts of State Vice-president Leo D. Kelly, vice-president, Mercantile-Commerce Bank and Trust Co., St. Louis.

Thomas H. Riley, Jr., Maine State Vice-president, and treasurer, Brunswick Savings Institution, Brunswick, reduced

his non-member list by 37 percent with the addition of 12. Maine is in the territory of Committeeman Edgar A. Craig, treasurer, Dorchester (Mass.) Savings Bank.

In both Nebraska and Tennessee nine new members were obtained, making a total of 22 received for the period from J. O. Peck, state vice-president for Nebraska, and vice-president, Continental National Bank, Lincoln, and 12 from Tennessee's State Vice-presi-

dent C. E. Dean, vice-president and cashier, Old National Bank, Union City. Tennessee is in the territory of Committeeman Noel Rush, president, Lincoln Bank and Trust Co., Louisville. Nebraska is in charge of Ray R. Ridge, vice-president, Omaha National Bank.

The campaign started in North Carolina in December by State Vice-president C. T. Leinbach, vice-president, Wachovia Bank and Trust Co., Winston-Salem, yielded eight.

CONVENTIONS

American Bankers Association

Feb. 3-5	Mid-Winter Trust Conference, The Waldorf-Astoria, New York City
Feb. 19-20	Real Estate Mortgage Clinic, New Washington Hotel, Seattle, Washington
Feb. 26-27	Real Estate Mortgage Clinic, St. Francis Hotel, San Francisco
Mar. 4-6	Bank Credits Clinic, The Waldorf-Astoria, New York City
Mar. 26-27	Real Estate and Mortgage Clinic, The Waldorf-Astoria, New York City
Apr. 15-17	Bank Credits Clinic, Chicago
Apr. 19-22	Spring Meeting of the Executive Council, The Homestead, Hot Springs, Virginia
June 8-12	American Institute of Banking, New Orleans, Louisiana
June 15-27	The Graduate School of Banking, Rutgers University, New Brunswick, New Jersey
Sept. 27-Oct. 1	Annual Convention, Book-Cadillac Hotel, Detroit

State Associations

Feb. 11-13	Georgia, Biltmore Hotel, Atlanta (In conjunction with Georgia Bankers Conference)
Feb. 12	Ohio Mid-Winter Meeting, Neil House, Columbus
May 4-6	Arkansas, Arlington Hotel, Hot Springs
May 7-8	Oklahoma, Tulsa
May 8-9	North Carolina, The Carolina Hotel, Pinehurst
May 11-13	Mississippi (place not decided)
May 11-13	Missouri (place not decided)
May 13-14	Indiana, Claypool Hotel, Indianapolis
May 13-15	Kansas (place not decided)
May 14-15	Alabama, Jefferson Davis Hotel, Montgomery

May 14-16	New Jersey, Traymore Hotel, Atlantic City
May 18-20	California, Hotel Del Monte, Del Monte
May 20-21	Ohio, Hotel Statler, Cleveland
May 20-22	Illinois, St. Louis, Missouri
May 20-22	Pennsylvania, Traymore Hotel, Atlantic City, New Jersey
May 21-23	Massachusetts, New Ocean House, Swampscott
May 26-28	Texas, Gunter Hotel, San Antonio
June 3-5	South Dakota, Cataract Hotel, Sioux Falls
June 3-7	District of Columbia, The Homestead, Hot Springs, Virginia
June 5-6	Idaho, Sun Valley
June 8-9	Oregon, Hotel Baker, Baker
June 11-12	Washington, Davenport Hotel, Spokane
June 11-13	West Virginia, The Greenbrier, White Sulphur Springs
June 16-18	Wisconsin, Hotel Schroeder, Milwaukee
June 18-20	Montana, Yellowstone National Park
June 25-27	Virginia, The Homestead, Hot Springs
June 26-28	Maine, Poland Spring House, Poland Spring
July 8-10	Minnesota, Hotel Duluth, Duluth

Other Organizations

Feb. 12-14	Minnesota Bankers Conference, University of Minnesota
Feb. 13-14	Independent Bankers Association, Saint Paul, Minnesota
Feb. 22-23	Kansas Junior Bankers Association, Emporia
Feb. 22-23	Mid-Winter Meeting, Morris Plan Bankers Association, Louisville, Kentucky
Feb. 25-27	Oklahoma Bankers Association and University of Oklahoma Joint Meeting, Skirvin Hotel, Oklahoma City



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LAWRENCE SYSTEM is closely supervised and operated by the greatest legal and practical experience we have been able to find. It is the kind of field warehousing for the kind of loan officers who really "Look Under the Hood" to see how it operates and, too, that it does function properly—safely • Use LAWRENCE SYSTEM to collateralize loans with inventory

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The GUARDSMAN

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